

Notice of Meeting of the

ASSEMBLY

**to be held on Wednesday, 2 March 2022
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: 22 February 2022

Claire Symonds
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 and members of the press and public are encouraged to view the proceedings via this method due to COVID-19 restrictions. Those wishing to attend the meeting in person must provide evidence of a negative Lateral Flow Test on arrival and wear a face mask at all times, including while seated in the public gallery on the second floor of the Town Hall. 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. Apologies for Absence

2. Declaration of Members' Interests

In accordance with the Council's Constitution, Members are asked to declare any interest they may have in any matter which is to be considered at this meeting. Members are reminded that the provisions of paragraph 9.3 of Part 5, Chapter 1 of the Constitution in relation to Council Tax arrears applies to agenda item 7.

3. Minutes - To confirm as correct the minutes of the meeting held on 26 January 2022 (Pages 3 - 8)

4. Minutes of Sub-Committees - To receive the minutes of the JNC Appointments, Salaries and Structures Panel held on 28 February 2022 (to be tabled)

5. Leader's Statement

The Leader will present his statement.

6. Appointments

The Labour Group Secretary will announce any nominations to fill vacant positions on Council committees or other bodies.

7. Budget Framework 2022/23 and Medium Term Financial Strategy 2022/23 - 2025/26 (Pages 9 - 59)

8. Treasury Management Strategy Statement 2022/23 (Pages 61 - 105)

9. Barking and Dagenham Safeguarding Children Partnership Annual Report 2020/21 (Pages 107 - 142)

10. Audit and Standards Committee Annual Report 2020/21 (Pages 143 - 154)

11. External Auditor Appointment for 2023/24 to 2027/28 (Pages 155 - 168)

12. Shareholder Governance Review (Pages 169 - 179)

13. **Review of the Council's Procurement Governance Arrangements (Pages 181 - 189)**
14. **Pay Policy Statement 2022/23 (Pages 191 - 200)**
15. **Motions**
16. **Questions With Notice**
17. **Any other public items which the Chair decides are urgent**
18. **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.***

19. **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

MINUTES OF ASSEMBLY

Wednesday, 26 January 2022
(7:00 - 8:20 pm)

PRESENT

Cllr Toni Bankole (Chair)
Cllr Faruk Choudhury (Deputy Chair)

Cllr Saima Ashraf	Cllr Princess Bright	Cllr Evelyn Carpenter
Cllr John Dulwich	Cllr Edna Fergus	Cllr Irma Freeborn
Cllr Syed Ghani	Cllr Elizabeth Kangethe	Cllr Mohammed Khan
Cllr Olawale Martins	Cllr Giasuddin Miah	Cllr Margaret Mullane
Cllr Fatuma Nalule	Cllr Adegboyega Oluwole	Cllr Glenda Paddle
Cllr Simon Perry	Cllr Moin Quadri	Cllr Ingrid Robinson
Cllr Paul Robinson	Cllr Darren Rodwell	Cllr Muhammad Saleem
Cllr Faraaz Shaukat	Cllr Maureen Worby	

50. Apologies for Absence

Apologies for absence were recorded for Councillors Achilleos, Akwaboah, Aziz, Bremner, S Bright, Butt, Chand, Channer, Geddes, Gill, Haroon, Jamu, Jones, Keller, Lumsden, McCarthy, Miles, Rahman, Ramsay, C Rice, L Rice, E Rodwell, Twomey, L Waker and P Waker who were unable to attend the meeting due to the social distancing arrangements within the Council Chamber.

51. Declaration of Members' Interests

There were no declarations of interest.

52. Minutes (24 November 2021)

The minutes of the meeting held on 24 November 2021 were confirmed as correct.

53. Minutes of Sub-Committees

The Assembly received and noted the minutes of the JNC Appointments, Salaries and Structures Panels held on 3 and 13 December 2021.

54. Leader's Statement

The Leader of the Council presented a verbal statement updating the Assembly on a range of matters since the last meeting:

Government: The Leader confirmed that on 20 May 2020, he was busy in meetings with the Borough Commander and holding similar meetings on behalf of the borough focusing on how to tackle rising Covid rates. No parties were held in the Town Hall and nor had they since then. In March the Council would be agreeing the budget for the coming year. Once again, there were no plans to cut frontline services, despite that for every £1 received in government funding a

decade ago, the Council received just 35p today.

Inquest: The Inquest had concluded into the police investigation following the deaths of four young men, Anthony Walgate, Gabriel Kovari, Daniel Whitworth and Jack Taylor. The Leader thanked officers for securing the Town Hall for Inquest, and for their work in supporting the families, the coroner and others while it was being held. The Inquest revealed fundamental failures and shortcomings from the very beginning of the investigation, with the Jury concluding that the failings of the police investigation “probably” contributed to these young men’s deaths.

Policing in the Borough: The Council secured a new police team in Barking Town Centre just before Christmas made up of 25 officers selected because of their local knowledge and community engagement skills

Illegal Travel Encampments: There had been success in the Court of Appeal where the injunction secured a number of years ago banning illegal Traveller encampments was upheld. As a result of the Court of Appeal’s findings, the council’s final injunction against a number of named defendants, and persons unknown, now remained full force.

Achievements over the last four years: Highlights of the achievements made over the past four years included

- 2,000 affordable homes built in the borough;
- Attracting two film studios, three markets of London and new technology companies, such as UCL Pearl and NTT - all amounting to £4bn of investment;
- Had the largest increase in children going into higher education; and
- Helped residents with the rising cost of living through BDCAN+, our Community Food Clubs and our Homes & Money Hub.

HM The Queen’s Platinum Jubilee: This summer, the Country would be celebrating the Queen’s Platinum Jubilee marking 70 years of public service by Her Majesty. The council plans to hold a series of events as part of its popular Summer of Festivals to give everyone a chance to let their hair down.

Freedom of the City of London: The Leader had recently been informed that the City of London were to bestow Freedom of the City on him and other Leaders for how they had led London during the Pandemic.

The Cabinet Member for Social Care and Health Integration then gave an update on the current COVID-19 situation.

The Cabinet Member advised that in the week to 19th January, the Barking and Dagenham case rate fell from 1,021.0 cases per 100k residents to 715.1, which represented a 30% fall.

The Cabinet Member continued to encourage residents to get the vaccinations against COVID as soon as possible.

55. Appointments

There were no appointments.

56. BAD Youth Forum Annual Report 2021

The Assembly received the Barking and Dagenham (BAD) Youth Forum and Young Mayor's Annual Report, introduced virtually by the Head of Participation, Opportunity and Wellbeing, who then handed over to representatives of the Youth Forum, who also joined the meeting virtually.

The report detailed the achievements of the BAD Youth Forum during the past 12 months outlining the work of each of the sub-groups, their aims and the impact of the work completed.

There were no elections in 2021; however, 13 new members joined 30 returning members following online recruitment via the One Borough Voice platform. Meetings were held online until restrictions were lifted nationally and members felt safe to meet in person.

Community Action Sub-Group: The Sub-Group focussed on

- Parks and outdoor spaces;
- Mental Health;
- Physical Health;
- Contextual Safeguarding;
- Crime and Safety; and
- Social Responsibility.

Young Mayor Sub-Group: The Young Mayor of Barking and Dagenham picked Refuge as their chosen charity for 2021. Fundraising activities took place over the course of the year and at the time of the meeting £1999.71 had been raised by the sub-group. The Young Mayor attended several events over the course of the year and was supported by the Leader of the Council and the Mayor of Barking and Dagenham.

Young Inspectors Sub-Group: The Sub-group adapted their processes over the past year by undertaking pharmacy inspections for the Come Correct Condom Distribution scheme, particularly in the first part of the year when the country was in lockdown. Members started to undertake pharmacy inspections again in August however once the pharmacies became busy with flu jabs and COVID booster doses, it was felt better to undertake inspections via telephone.

Additional Events: The Forum took part in other activities during the year which included:

- Consultations;
- Meetings with the Police;

- Street doctor sessions;
- Young Women’s Vigil; and
- The Youth Parade.

Following the presentation, a number of Members congratulated the Forum on their excellent work and inspirational projects during such difficult times. The Chair thanked the Forum Members for their presentation.

The Assembly **resolved** to note the BAD Youth Forum Annual Report for 2021, as set out at Appendix A to the report.

57. Appointment of Church Representative (Roman Catholic) and Parent Governor (Secondary) Representative to the Overview and Scrutiny Committee

The Interim Deputy Chief Executive and Strategic Director, Law and Governance, introduced a report on the appointment of a Church representative (Roman Catholic) and a Parent Governor (Secondary) representative to the Overview and Scrutiny Committee.

Nominations to fill the vacancies were sought by Governance Services in September 2021 which resulted in one application for the Church Representative (Roman Catholic) position and two applications for the Parent Governor (Secondary) position. The Roman Catholic Church re-nominated Glenda Spencer to fill its position, which had been held by the nominee in various forms since 2005. Following an election for the Parent Governor (Secondary) position, Sarfraz Akram was nominated on behalf of parent governors.

The Assembly **resolved** to agree the appointment of the following nominees to their respective co-optee positions on the Overview and Scrutiny Committee, for a term of four years:

- Glenda Spencer: Church Representative (Roman Catholic); and
- Sarfraz Akram: Parent Governor (Secondary).

58. Appointment to the Health and Wellbeing Board

The Cabinet Member for Social Care and Health Integration introduced a report on the appointment to the Health and Wellbeing Board.

Lifeline Community Resources, on behalf of the BD Collective in which it was a partner, had requested to join the Board. The BD Collective included a project called Reimagining Adult Social Care, which was a cross sector partnership that sought to design adult care social programmes to ensure that adults received assistance when they needed it, and to maximise the use of resources across the Borough.

The Cabinet Member advised that the request was considered at the meeting of the Board which took place on 12 January 2022. The Board discussed the proposal and Members expressed support; agreeing that it would be a positive step in assisting the Board in discharging its duties

The Assembly **resolved** to appoint Elspeth Paisley, as representative of BD Collective, to the Health and Wellbeing Board with immediate effect.

59. Council Tax Support Scheme 2022/23

The Cabinet Member for Social Care and Health Integration introduced a report on the Council Tax Support (CTS) Scheme 2022/23.

The Assembly was advised that the CTS scheme for 2022/23 required no further changes due to the administrative improvements implemented within the 2021/22 CTS scheme. Those changes improved clarity, alignment with other welfare benefits, primarily Universal Credit, and enhanced access for those eligible for entitlement. There were expected to be new regulations published in January 2022 relating to the prescribed requirements for the pension age scheme. These would be incorporated into the Council's CTS prior to publication.

The Assembly **resolved** to:

- i) Agree that the Council Tax Support Scheme implemented for 2021/22 remain unchanged and implemented for 2022/23; and
- ii) Note that any changes to the prescribed requirements for the pension age scheme shall be incorporated into the CTS before publication.

60. LBBD Statement of Licensing Policy 2022-2027

The Cabinet Member for Enforcement and Community Safety introduced the draft Statement of Licensing Policy for the period 2022-2027. The policy had been subject to public consultation and had been endorsed by the Cabinet on 18 January 2022.

The Cabinet Member advised that the updated policy set out how the Council intended to discharge its responsibilities, as a licensing authority, in relation to the sale of alcohol, regulated entertainment and late-night refreshment. A number of changes were proposed to the Council's existing policy, which included new sections on entitlement to work in the UK, illegal working and the responsibilities of operators, 'Safe for All', COVID-19 and security and terrorism, as well as updates in relation to the use of outside areas and noise control, Public Spaces Protection Orders and licence fee payment arrangements.

With regard to 'Safe for All', the Cabinet Member explained that the Council was committed to ensuring that venues in the Borough were safe and inclusive and that operators and their staff were able to identify and deal with cases of harassment, sexual violence, discrimination and hate crime. The Council was, therefore, promoting the Mayor of London's Women's Safety Charter, as well as other initiatives such as 'Ask for Angela', allowing people to discreetly indicate to venue staff that they felt vulnerable or threatened, 'Ask for Clive', which promoted inclusion and welcoming environments for the LGBT+ community, and the Council's own Safe Haven campaign. Operators would be encouraged to sign up to those initiatives and, in return, would benefit from training support.

The Assembly welcomed the changes to the policy, in particular those around the

'Safe for All' initiative, which would help to protect the boroughs residents and visitors.

The Assembly **resolved** to adopt the London Borough of Barking and Dagenham Statement of Licensing Policy 2022-2027, as set out at Appendix A to the report.

61. Polling Districts and Polling Places Review 2022

The Interim Deputy Chief Executive and Strategic Director, Law and Governance, introduced a report on Policy Districts and Polling Places Review 2022.

The Local Government Boundary Commission for England (LGBCE) had recently carried out an electoral review of Barking and Dagenham and published its final recommendations on 31 August 2021. The LGBCE recommendations were approved by Parliament via the London Borough of Barking and Dagenham (Electoral Changes) Order 2021 on 13 December 2021.

The LGBCE review had resulted in the number of wards in the Borough increasing from 17 to 19 and there had been boundary changes to all but one of the current wards. The number of councillors across the 19 wards would remain at 51, with 13 wards having three councillors and six having two councillors. The new ward arrangements would come into effect from the Local Council Elections on Thursday 5 May 2022.

The Strategic Director advised that as a consequence of the review, the Council was required to carry out its own review of the polling districts within each ward and the location of polling places / stations to serve each polling district. That exercise was commenced following the publication of the LGBCE final recommendations. The proposals were subject to a four-week consultation with relevant interested persons / organisations and the local community, of which commenced on 20 January 2022.

The Assembly **resolved** to:

- (i) Approve, subject to (ii) below, the review of polling districts and associated polling places as detailed in Appendix A to the report; and
- (ii) Delegate authority to the Strategic Director, Law & Governance, in her capacity as Returning Officer (RO) and Electoral Registration Officer (ERO), to approve any amendments to the polling districts and/or polling places that (a) may be deemed appropriate following the public consultation, and (b) are deemed necessary for the efficient delivery of an election.

62. Motions

There were no motions.

63. Questions With Notice

There were no questions with notice.

ASSEMBLY**2 March 2022**

Title: Budget Framework 2022/23 and Medium Term Financial Strategy 2022/23 to 2025/26	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Authors: Philip Gregory, Finance Director Katherine Heffernan, Head of Services Finance Philippa Farrell, Head of Services Finance Caroline Connolly, Principal Accountant	Contact Details: Tel: 020 3911 7936 E-mail: philip.gregory@lbbd.gov.uk
Accountable Director: Philip Gregory, Finance Director (Section 151 Officer)	
Accountable Strategic Leadership Director: Claire Symonds, Interim Chief Executive & Managing Director	
Summary	
<p>The budget framework for 2022-23 is prepared in the context of continued uncertainty arising from the COVID-19 pandemic. The impact on the community of COVID-19 has resulted in financial pressures to the Council since March 2020 which will have implications for years to come. The Council has paid over £45m to local businesses in COVID-19 grants. The Council continues to support vulnerable local residents by providing additional Council Tax Support in addition to providing other support and by working in partnership with community organisations.</p> <p>This Medium Term Financial Strategy (MTFS) shows how the delivery of a strategy for a new kind of council goes hand in hand with organisational financial health. It is prepared recognising the financial uncertainty as a result of the COVID-19 pandemic and from uncertainty facing the sector in light of plans to delay fair funding reforms and 75% business rates retention until 2023/24 at the earliest, whilst taking into account anticipated demands and pressures.</p> <p>The Government issued a Budget in March 2021 followed by a Budget and Autumn Statement in October 2021. The Government have set out their ambition to 'level-up' funding across the country, the impact of which for local government is a commitment to revise funding formulae for 2023-24 introducing the Review of Relative Needs and Resources (Fair Funding) and business rates reset. As an interim measure another one year funding settlement has been provided for 2022-23. Additional funding has been provided by Government for 2022-23 for one year only which will be redistributed in future years through funding reforms. This has resulted in an extremely uncertain environment within which the MTFS has been prepared.</p> <p>This report sets out the:</p>	

- Proposed General Fund revenue budget for 2022-23
- Proposed level of Council Tax for 2022-23
- Medium Term Financial Strategy (MTFS) 2022-23 to 2025-26
- Draft capital investment programme 2022-23 to 2025-26
- Update on the Dedicated Schools Grant and Local Funding Formula for Schools

The General Fund net budget for 2022-23 is £181.895m. The budget for 2022-23 incorporates decisions previously approved by Members in the Medium Term Financial Strategy including the savings approved by Assembly in previous years together with changes in government grants and other financial adjustments.

The Council proposes to increase Council Tax by 2.99%. This includes 1.99% for general spending and a further 1% that is specifically ringfenced as an adult social care precept. This will increase the level of Council Tax from £1,348.91 to £1,389.24, (£40.33) for a band D property.

The Mayor of London is proposing to increase the Greater London Authority (GLA) element of Council Tax by £31.93 (8.8%) for a Band D property, changing the charge from £363.66 to £395.59 of this £15.00 relates to the Police Precept, £1.93 for the London Fire Brigade and £15 as a contribution towards the cost of discretionary concessionary fares.

The combined amount payable for a Band D property will therefore be £1,784.83 for 2022-23, compared to £1,712.57 in 2021-22. This is a total change of £72.26. At its meeting on 18 January 2022, the Cabinet agreed an enhanced Council Tax Support Scheme in order to continue to support local residents on very low incomes.

The proposed draft 4-year capital programme is £1,483m for 2022-23 to 2025-26, including £96.517m for General Fund schemes. Details of the schemes included in the draft capital programme for 2022-23 are at Appendix F.

This report was considered and endorsed by the Cabinet at its meeting on 21 February 2022.

Recommendation(s)

The Assembly is recommended to:

- (i) Approve a base revenue budget for 2022-23 of £181.895m, as detailed in Appendix A to the report;
- (ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2022-23 to 2025-26 allowing for other known pressures and risks at this time, as detailed in Appendix B to the report, including the revised cost of borrowing to accommodate the capital costs associated with the implementation of the MTFS;
- (iii) Delegate authority to the Finance Director, in consultation with the Cabinet Member for Finance, Performance and Core Services, to finalise any contribution required to or from reserves in respect of the 2022-23 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2022;

- (iv) Delegate authority to the Finance Director, in consultation with the Cabinet Member for Finance, Performance and Core Services, to make arrangements for one-off £150 Council Tax energy rebate payments to be made to all households in Bands A – D and establish a discretionary fund for households in need who would not otherwise be eligible;
- (v) Approve the Statutory Budget Determination for 2022-23 as set out at Appendix D to the report, which reflects an increase of 1.99% on the amount of Council Tax levied by the Council, an Adult Social Care precept of 1.00% and the final Council Tax proposed by the Greater London Assembly (8.8% increase), as detailed in Appendix E to the report;
- (vi) Note the update on the current projects, issues and risks in relation to Council services, as detailed in sections 8-10 of the report;
- (vii) Approve the proposed projects/allocations of funding as set out in paragraphs 9.5 and 9.6 of the report and delegate authority to the Strategic Director, Community Solutions, in consultation with the Cabinet Member for Community Leadership and Engagement, to approve and enter into all necessary contracts, agreements and other documents in order to implement such arrangements;
- (viii) Approve the Council's draft Capital Programme for 2022-23 totalling £522.625m, of which £66.813m are General Fund schemes, as detailed in Appendix F to the report;
- (ix) Approve the Flexible Use of Capital Receipts Strategy as set out in section 12 of the report;
- (x) Note the update on Dedicated Schools Funding and approve the Local Funding Formula factors as set out in section 13 and Appendix G to the report;
- (xi) Approve the increased rates for Early Years Education as set out in section 13 of the report; and
- (xii) Note the Chief Financial Officer's Statutory Finance Report as set out in section 15 of the report, which includes a recommended minimum level of reserves of £12m.

Reason(s)

The setting of a robust and balanced budget for 2022-23 will enable the Council to provide and deliver services within its overall corporate and financial planning framework. The Medium Term Financial Strategy underpins the delivery of the Council's vision of One borough; one community: no-one left behind and delivery of the priorities within available resources.

1. Introduction and Background

- 1.1. This report sets the context for the future financial position for the London Borough of Barking and Dagenham and to seek agreement to proposals for the revenue budget for 2022-23 of £181.895m. The report also sets out the Medium Term

Financial Strategy (MTFS) for 2022-23 to 2025-26 and the Council Tax level for 2022-23.

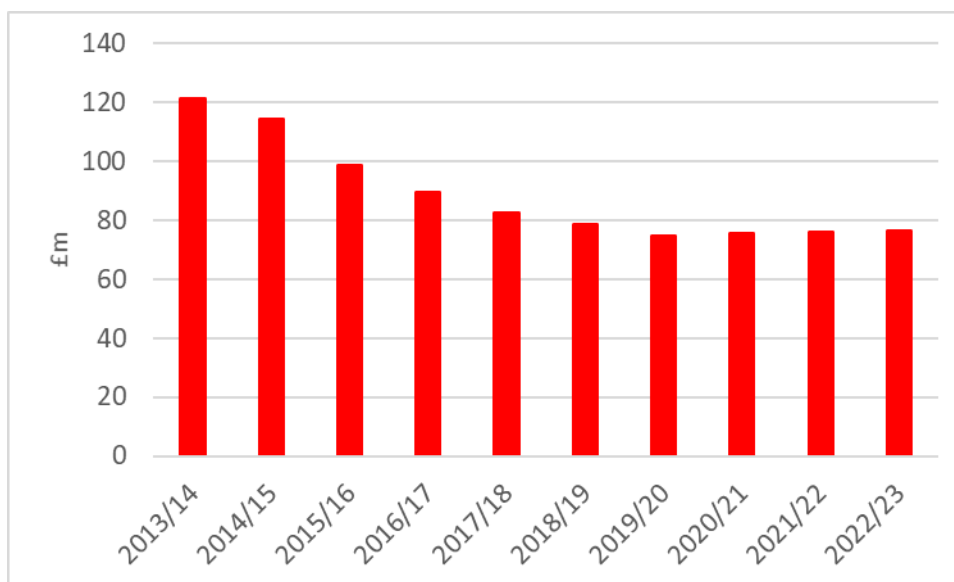
- 1.2. The MTFS is a statement on the council's approach to the management of its financial resources to meet its Corporate Priorities. The MTFS also considers the appropriate level of reserves that the Council holds to mitigate current and longer-term risks.
- 1.3. The Ambition 2020 programme set out savings and transformation to be delivered by 2020-21. The total programme savings target was £48.8m of which £36.129m is forecast to have been delivered by the end of 2021-22. A number of the original Ambition 2020 savings have been delayed as a direct impact of the COVID-19 pandemic. These savings were included in 2021-22 budgets and the implementation of these savings will continue to be delivered in 2022-23.
- 1.4. In July 2021, Cabinet approved an updated MTFS for 2021-22 including an indicative forward forecast for future years. This identified a cumulative savings gap of £25.1m during the MTFS period from 2022-23.
- 1.5. The wider context within which this Budget and MTFS has been prepared is one of unprecedented uncertainty. The financial sustainability of the whole of Local Government has been tested like never before in the response to the COVID-19 pandemic. This Council has stepped up to provide support to the most vulnerable members of the community as they have shielded from COVID-19 whilst still continuing to deliver a full range of services to our residents and businesses.
- 1.6. There have been significant cuts over several years to revenue support grant from the Department for Levelling Up, Homes and Communities (DLUHC) which, combined with increasing demographic and demand led pressures and the continuing cost of COVID-19, result in the need to identify savings and transformation proposals to deliver a sustainable MTFS. The 2022-23 Budget includes a number of savings and growth proposals.
- 1.7. The Government published their Budget and Spending Review on 25 October 2021. This set out the spending limit for DLUHC for the next 3 years with a number of policy and funding announcements related to local government.
- 1.8. DLUHC published the provisional Local Government Finance Settlement on 16 December 2021 allocating funding to individual local authorities. This set out a funding settlement for 2022-23 only with a commitment to introducing funding reforms from 2023-24. The Settlement provides a real terms funding increase for Local Government of 4.1% provided that councils increase council tax by the maximum amount allowed. Funding from Government will not increase in the following two years, although funding may be redistributed between local authorities as the Review of Relative Needs and Resources (Fair Funding) is introduced.
- 1.9. DLUHC included a one-off 'services grant' within the funding settlement although there is no additional funding for the impact of COVID-19 in 2022-23. It is expected that this grant will be redistributed from 2023-24 within local government and DLUHC have been clear that this grant will not be included in the baseline calculations for any redistribution. The implication of this is that we should not rely on receiving this funding from 2023-24. The absence of a financial framework over

beyond 2022-23 significantly hampers the ability of the Council to assess the robustness of the MTFs beyond a one-year time frame, thereby increasing the uncertainty of financial projections from 2023-24 onwards.

- 1.10. When introduced, the Review of Relative Needs and Resources (Fair Funding) reforms and 75% business rates retention proposals are expected to be a benefit the council when introduced. These reforms were due to be introduced in 2020-21 following the four-year funding settlement. These reforms have now been delayed until 2023-24 at the earliest. The council has therefore lost the financial benefit from these reforms in 2020-21, 2021-22 and 2022-23 resulting in a wider savings gap in these financial years.
- 1.11. The approach of the Council continues to be to invest in the borough to generate growth and prosperity, while redesigning and transforming council services to meet the needs of the community at a lower cost.

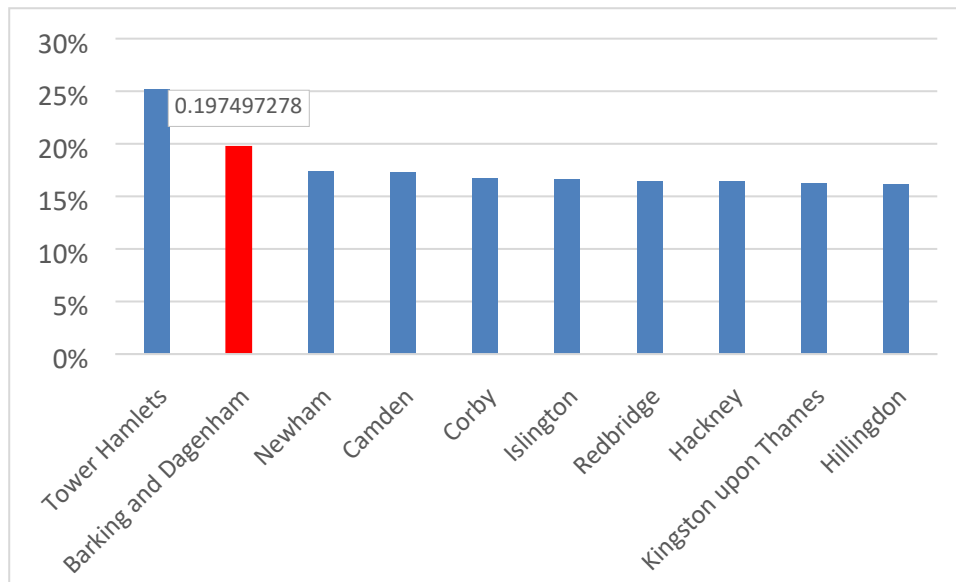
2. Our Medium Term Financial Strategy

- 2.1. The funding the Council receives from government has consistently reduced since public sector austerity was introduced in 2010-11. In 2013-14 local government were allocated a share of business rates from their area. Since 2013-14 core government grants have reduced by almost 40%. In 2013-14 our grant was £121m, in 2022-23 our grant will be £76m.



Government grant funding 2013-14 to 2022-23

- 2.2. Barking and Dagenham is projected to be the second fastest growing borough in the country between 2014 and 2024. The population of England is projected to grow by 7.5% over the 10 years to mid-2024. Of 324 local authorities, 315 are projected to see their population increase over the period and 13 local authorities are projected to grow by more than 15%.



England forecast population growth 2014-2024

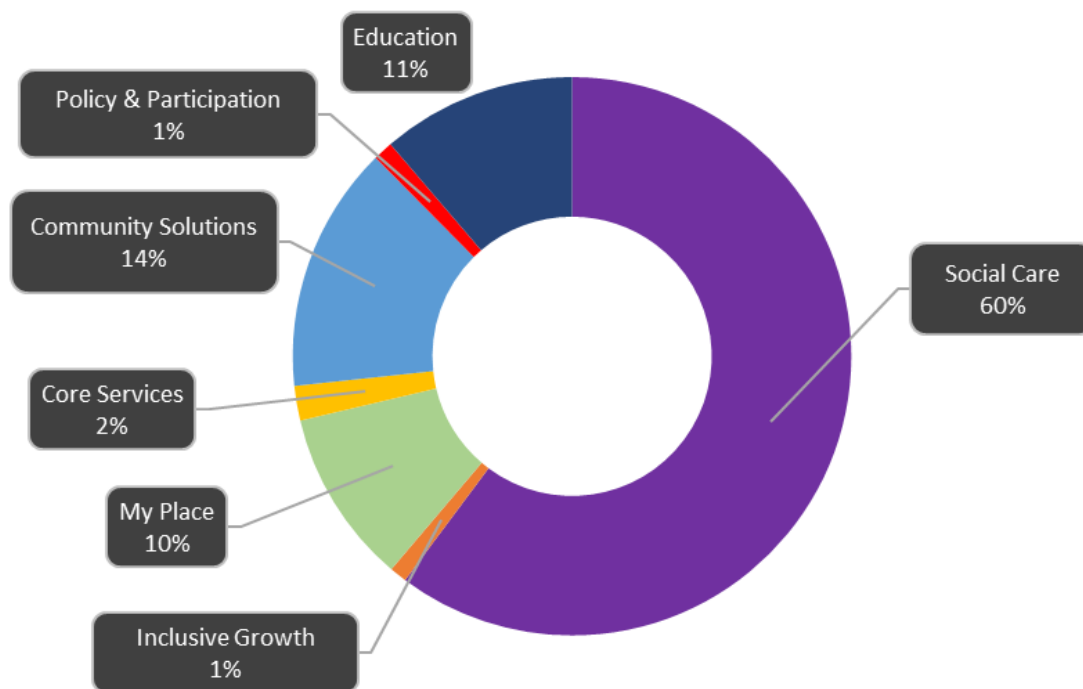
<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/subnationalpopulationprojectionsforengland/2014basedprojections#projections-for-regions-london-region-is-projected-to-grow-the-fastest>

- 2.3. The combination of reducing funding and a growing population meant the Council had to do something in order to be able to continue to provide services to local residents and businesses. The Ambition 2020 programme began in 2017 and delivered a New Kind of Council whilst delivering almost £50m in savings. A primary focus of the programme was to maximise housing, business and economic growth within the borough.
- 2.4. This included the creation of an investment portfolio, the establishment of subsidiary companies to deliver services more efficiently and generate additional income and the redesign of all Council services into a New Kind of Council. The funding for the programme that delivered this scale of transformation has been largely drawn from the Flexible Use of Capital Receipts and further information on this can be found in section 12 of the report.
- 2.5. The 2017-21 Ambition 2020 Transformation Programme identified £48.8m of savings to be delivered over the four years of the programme. 2020/21 was due to be the fourth and final year of the original Ambition 2020 savings and transformation programme, however £5.033m of the savings have been rolled forward into 2021/22 mainly as a result of COVID-19 delaying the delivery of savings as officers concentrated their efforts on responding to the pandemic.
- 2.6. The total delivered so far is £43.767m leaving £5.033m so far undelivered and built into 2021/22 budgets. The savings to be delivered were already high risk even before the COVID-19 situation arose and the response to the pandemic has considerably worsened the situation. A small number of savings have been assessed as impossible and were written off as part of the budget setting process in March 2021.
- 2.7. The progress of the delivery of approved savings is reported in the regular budget monitoring reports to Cabinet. Any savings that are not delivered in full will result in an overspend and an increased drawdown on reserves.

- 2.8. The delivery of agreed savings is essential to deliver a balanced budget for 2022/23 and beyond. Where agreed proposals are deemed to be unachievable these should be replaced with alternative proposals by the service responsible, subject to Cabinet approval.
- 2.9. We have continued to invest in our services by focusing our resources to meet the needs of the community and deliver the priorities set out in the Corporate Plan. Our Borough Manifesto has 11 aspirations which form the long-term vision for the Borough:



- 2.10. Over the course of many years the focus of the MTFs has been to deliver a transformed Council whilst maintain our financial sustainability. Over £175m of savings have been delivered since 2010. We have carefully set aside money into reserves and used these when necessary. This careful and prudent approach to financial management has enabled the Council to be in a position to meet the cost to the Council of COVID.
- 2.11. Our budget allocates funds to services in the proportions set out below. 71% of our budget is spent on Social Care and Education.



2.12. The continued aim of the Council is to prioritise investment in services for the most vulnerable in a sustainable way. The Council takes an innovative approach to the way it delivers services and the way it finances these through the development of its investment and acquisition strategy.

3. Building for the future

3.1. The Council has encountered unprecedented demands on its services since March 2020 as a result of the COVID-19 pandemic. This followed many years of financial pressure for local authorities which had resulted in underlying budget pressures emerging. The COVID-19 impact of increased demand for services, lost revenue from income sources and the temporary closure of revenue generating facilities is likely to have a lasting effect on future budgets. This adds another layer of uncertainty to factor into the MTFS development.

3.2. The financial position of the council has proved resilient throughout COVID-19. The Government provided significant amounts of grant funding during 2020-21 and 2021-22 and provided a guarantee scheme for reductions in budgeted income. From 2022-23, the Government will not provide the Council with any further specific COVID-19 financial support to mitigate the additional costs and reduced income experienced as a result of the pandemic and expect the Council to deliver services within the usual budget provisions.

3.3. It is clear that the impact of COVID-19 is also affecting the local community. In particular, the rate of unemployment within the Borough is now the highest nationally and the end of the furlough scheme increases the risk that unemployment and poverty will increase with associated mental and physical needs that require support from the Council.

3.4. However, there is now an opportunity to reassess and recalibrate the Council budget to ensure that the Council provides services to residents taking into account the effect of the pandemic and consequent changes in demographics and

behaviour. The Council has set out its long-term ambition and the strategy and tactics used over the next MTFS period between 2022-2026 will embed many of the structural changes that have already been made.

- 3.5. The investments made by the Council, including the creation of a number of subsidiary companies, are central to being able to continue to invest in services. These investments deliver significant financial returns to the Council and will continue to deliver over the MTFS period.
- 3.6. Local authorities have managed financial uncertainty since 2010 and this uncertainty will continue throughout the period between 2022-2026. The Government have committed to their 'levelling-up' agenda and set an expectation that local government funding allocations will be revised from 2023-24 onwards. A key part of these reforms will reintroduce financial settlements over periods of more than one year, providing a greater degree of certainty with which to plan budgets. As one of the most deprived boroughs in the country it is not unreasonable to assume that the Council will benefit from these changes.
- 3.7. 2022-23 is therefore expected to be a year of transition during which the Government consult upon and introduce funding reforms from 2023-24.

4. Three strategic priorities

4.1 The MTFS is underpinned by three key strategic priorities for the council:

- **Inclusive Growth.** All activity related to homes, jobs, place and environment will be organised into a single strategy, focused on intervening in our economy in order to improve economic outcomes for all residents.
- **Prevention, independence and resilience.** All activity relating to people facing public service is organised into a single strategy, focused on intervening in society in order to improve health and wellbeing outcomes for all residents, at every stage of life.
- **Participation & engagement.** All activity related to community engagement and social infrastructure is organised into a single strategy focused on giving every resident the power to influence local decisions, and to pursue their version of the good life.

4.2. These strategic priorities will sit alongside our continued efforts to build and embed our **new kind of council** and will drive all Council activity in the years ahead. Critically, each has an important part to play in managing future demand on council services. The financial position set out in the MTFS is designed to reflect this position.

Headline Financial Position

- 5.1. The Provisional Local Government Settlement was published on 16 December 2021. This is subject to the finalisation of business rates baseline and section 31 grant calculations.
- 5.2. The medium-term financial challenge facing the Council reflects significant risks and a great deal of uncertainty. The scale of these risks will become more certain during the next year, following the expected consultation on the implementation of the Review of Relative Needs and Resources (Fair Funding) from 2023-24.

5.3. Revenue streams are likely to be under considerable pressure as the Government intends to change current funding mechanisms to reflect an increased emphasis on need and to reset the current business rates retention system:

- **Autumn Budget and Spending Review 2021** – The Chancellor of the Exchequer presented the Autumn Budget will on 27 October 2021. There is significant uncertainty in relation to local government funding beyond 2022-23. The Government have set out their ambition to ‘level-up’ funding for local government targeting local areas most in need.
- The **Review of Relative Needs and Resources (Fair Funding)** of local government is likely to shift resources away from London. The design of new funding formula is predicated on moving to a more dynamic, realistic method of allocating funding that is able to respond to demographic changes. On this basis and considering the demographic changes within Barking and Dagenham, this approach may prove beneficial to us. The implementation of the new funding formula to be used to allocate funding has been delayed until at least 2023-24.
- The **Business Rates Retention** scheme is also being redesigned and is expected to be introduced from 2023-24.
- The **New Homes Bonus** funding for 2022-23 is allocated for one year only and will not result in legacy payments in future years. It is expected that the New Homes Bonus funding will be wrapped up within the Review of Relative Needs and Resources (Fair Funding). It is unclear how the Government will incentivise local authorities to deliver additional housing within the new funding regime. Funding allocations are included in Appendix I.

5.4. The Council will receive Government funding through Revenue Support Grant and Business rates baseline funding in 2022-23. The total amounts should be compared and are in line with the MTFP assumptions. The table below shows the funding changes over the past few years and the increased reliance on business rates as a source of funding.

£m	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
RSG	36.7	28.8	0.0*	0.0*	18.0	18.1	18.7
Baseline funding	52.8	53.9	78.8	74.5	57.7	57.7	57.7
TOTAL:	89.5	82.6	78.8	74.5	75.7	75.8	76.4

* In 2018-19 and 2019-20 Revenue Support Grant was rolled into the baseline funding allocation as part of the business rates pilot arrangements

5.5. The Council took part in the London-wide business rates pilot introduced in 2018-19. Initially, the pilot allowed London to benefit from retaining 100% of the business rate growth but this was reduced for 2019-20 to 75%.

5.6. London Councils worked with all London Authorities to set up a business rates pool based on the original business rates retention scheme in 2017-18, retaining 67% of business rates. Cabinet approved the Council’s participation in the London pool in December 2019. The pool shared the benefits of business rates growth across London during 2020-21. The net benefit of the scheme during 2020-21 became marginal as a result of the impact of COVID-19 on business rates across London.

5.7. The business rates pool will not operate in 2022-23 due to the financial exposure across London should business rates income not recover as a result of COVID-19.

This is unfortunate as the pilot and subsequent pool demonstrated that London Authorities are able to work together and deliver strategic infrastructure for the benefit of London overall.

5.8. The forecast for business rate over the MTFS period is shown below.

Business Rates Forecast	2022-23	2023-24	2024-25
Baseline Business Rates Funding (incl. S31 Grant)	58.314	59.471	60.821
RSG	18.122	18.485	18.854
Change to Baseline (Fair Funding)	0.652	1.513	1.513
NET Business Rates	77.088	79.468	81.188

5.9. The forecast outturn for 2021-22 is an overspend of £7.2m as reported to Cabinet in January 2022. This can be mitigated through use of the budget support reserve. Overspends in future years will result in exhausting the budget support reserve and may result in a draw down from the unearmarked general reserve which has a balance of £17m and a minimum balance of £12m (i.e. only £5m is available).

6. Council Tax

- 6.1. Barking and Dagenham maintained a council tax freeze from 2008-09 until Assembly approved an increase for the 2015-16 budget. The impact of not increasing council tax is cumulative over many years and this freeze resulted in a tax base that is now £15m lower than it would have been had it risen by 1.99% every year.
- 6.2. Since 2010 government funding has reduced in real terms every year while the Council's costs have increased the Chief Financial Officer strongly advises council tax should as a minimum keep pace with inflation to ensure that the council can continue to meet the demands placed upon it.
- 6.3. The provisional Local Government Financial Settlement for 2022-23 sets a maximum increase of Council Tax of 1.99% without incurring any penalties or being required to hold a referendum. It is therefore proposed that the general council tax increase should be 1.99%. In addition, an Adult Social Care precept may be levied of up to 1.0%.
- 6.4. The Chancellor announced on 3 February 2022 that the Government would provide a £150 grant to be applied to all Council Tax bills between Band A and Band D. This will be fully funded by the Government as a measure to support increased costs of living in addition to other measures relating to energy bills. At the time of writing the report no further details are available.
- 6.5. The Council Tax Base report was approved by Cabinet in January 2022. This shows an increase in the Council Tax Base of 2.12% compared to an increase of 2.5% that was included in the MTFS. Due to Covid-19 the Council has seen an increase in the number of residents claiming Council Tax Support (CTS) which reduces the number of chargeable properties in the tax base. This represents a reduction in Council Tax income of £0.276m compared to the amount included in the MTFS.
- 6.6. If the number of CTS claimants doesn't decrease after COVID-19, this will represent

a permanent reduction in Council Tax in future years and a permanent reduction in the spending power of the Council.

- 6.7. Details of all the levies (Environment Agency, East London Waste Authority, Lee Valley Park, London Pension Fund Authority) the Council is required to pay in 2022-23 are yet to be confirmed.
- 6.8. It is proposed that authority is delegated to the Chief Financial Officer in consultation with the Cabinet Member for Finance, Performance and Core to make the necessary adjustments using the funding provision or from reserves following confirmation of levy and final funding announcements.
- 6.9. The Council proposes to increase Council Tax by:
 - 1.99% Local Authority Precept increase; and
 - 1.0% increase for the Adult Social Care Precept
- 6.10. These increases will raise the level of Council Tax for a Band D property from £1,348.91 to £1,389.24, an increase of £40.33.
- 6.11. The Greater London Authority has provisionally proposed an 8.8% increase in its charge for 2022-23. This precept will increase the charge to a Band D property from £363.66 to £395.59, an increase of £31.93 (comprising an additional £10 for the Metropolitan Police, £1.93 for the London Fire Brigade and £20 as a contribution towards the cost of transport services).
- 6.12. The combined amount payable for a Band D property will therefore be £1,784.83 for 2022-23, compared to £1,712.57 in 2021-22. This is a total change of £72.26 in comparison to the Council Tax bill for 2021-22. As always there will be a Council Tax Support Scheme to help the poorest taxpayers.
- 6.13. The calculation of the proposed Council Tax for 2022/23 is shown in Appendix E.
- 6.14. It is proposed that any surpluses on the Collection Fund should be transferred to the Budget Support reserve.
- 6.15. Under the Local Government Act 1992, Council Tax must be set before 11 March of the preceding financial year.
- 6.16. The Chancellor announced on 3 February that a one-off £150 Council Tax energy rebate payment would be made to all residents of properties in Bands A –D. This payment will operate outside of the council tax system, using council tax lists to identify eligible households, resulting in a direct payment being made to residents rather than a reduction shown on council tax bills. The Chancellor also announced a discretionary fund for households in need who would not otherwise be eligible. This could include for example individuals on low incomes who live in properties valued in bands E – H. It is proposed that authority is delegated to the Finance Director, in consultation with the Cabinet Member for Finance, Performance and Core Services, to make arrangements for these £150 payments to be made and establish a discretionary fund.

7. Medium Term Financial Strategy Forecasts

7.1. Reports to Cabinet in July and November 2021 set out the following financial forecasts over the medium term:

	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
Budget Gap (incremental)	5.110	6.767	6.767	6.416
Budget Gap (cumulative)	5.110	11.877	18.644	25.06

7.2. A review of the assumptions has been undertaken and the financial forecast has been updated as shown in the table below.

	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
Budget Gap (incremental)	-	6.094	10.952	9.291
Budget Gap (cumulative)	-	6.094	17.046	26.337

7.3. The MTFS set out in Appendix B shows a balanced budget. This is achieved through the prudent use of reserves and increased investment income as a result of a change in accounting policy. The cumulative spending gap has not materially altered, though the requirement for further savings during the MTFS period is significant.

7.4. The strategy to address the funding gap is through the following routes:

- Savings proposals: those that have been identified and those that are proposed for approval in this report.
- Delivery of the corporate plan priorities and agreed transformation programmes to deliver sustainability in the longer term.
- Continue to identify new investment opportunities to secure financial sustainability and deliver regeneration for the borough.

7.5. A summary of the savings and growth proposals is included in Appendix C.

8. Revenue Spending Proposals

8.1. The overall budget requirements have been prepared in accordance with the strategy and the requirements for 2021-22 and 2022-23 are summarised below and included in Appendix A. The Statutory Budget Determination is included in Appendix D.

Summary of Revenue Budgets:

Department	Original 21-22	Latest 21-22	Original 22-23
CARE & SUPPORT	94.779	92.064	95.796
CENTRAL	9.684	6.787	4.897
COMMUNITY SOLUTIONS	17.218	24.775	25.897
CONTRACTED SERVICES	0.000	0.00	0.00
CORE	6.726	0.290	1.792
EDUCATION, YOUTH & CHILDCARE	18.581	20.221	20.432
INCLUSIVE GROWTH	1.305	1.342	1.816
LAW, GOVERNANCE & HR	(1.386)	(1.304)	(2.811)
MY PLACE	15.094	16.588	18.318
POLICY & PARTICIPATION	3.247	0.461	2.071
SDI COMMISSIONING	7.052	12.390	13.687
TOTAL GENERAL FUND	174.326	173.614	181.895
BUSINESS RATES + S31	(80.593)	(80.593)	(80.235)
C/F	2.663	2.663	0
NON-RINGFENCED GRANTS	(10.947)	(9.405)	(15.320)
COMPANY DIVIDENDS	(12.490)	(12.490)	(12.490)
INVESTMENT INCOME	(5.712)	(5.000)	(1.500)
NHB	1.543	1.543	1.073
COUNCIL TAX REQUIREMENT	68.789	68.789	72.350

- 8.2. The 2022-23 budget is dependent on agreed savings and additional income being delivered totalling £2.399m. These are summarised below with a full description and any future year impact shown in Appendix C.

Service Area	Savings/Income Proposal	2022-23 £k
Community Solutions	Debt and Affordable Credit	(580)
My Place	Property Management & Affordable Credit	(154)
Core	Digital Identity Verification	(25)
Core	Mobile Phone transfer to Daisy from EE	(72)
Core	Streamline IT Procurement	45
Core	MPLS Replacement	(115)
Core	Parking Enforcement Income	(1,498)
TOTAL		(2,399)

- 8.3. It remains vitally important that all approved savings are delivered to plan. Directors must be focussed on managing expenditure within their service budgets and delivering all agreed savings or implementing alternative savings proposals. This includes implementing action plans in order to manage and mitigate expenditure pressures.
- 8.4. The 2022-23 budget also includes new budget growth proposals totalling £7.116m. These are summarised below with a full description and any future year impact

shown in Appendix C.

Service Area	Growth Proposal	2022-23 £k
My Place	Waste & Recycling	150
My Place	Keeping the Streets Clean	150
Care and Support	Giving Children the Best Chance	2,000
Care and Support	Market Sustainability & Fair Cost of Funding	616
Community Solutions	Community Hubs	70
Community Solutions	BD CAN	112
Community Solutions	Youth Zone	200
Community Solutions	Capacity Building in the Social Sector	63
Community Solutions	Improving Debt Collection (Saving reversal)	388
Core	Inclusive Workplace	100
Core	IT Core Budget Deficit	105
Core	IT Contract Inflation	260
Core	IT Operations	586
Core	IT Training budget	200
Core	Strategy & Policy Team resources	167
Strategy & Culture	Opportunities to Participate	45
Strategy & Culture	Cultural Productions	106
Inclusive Growth	Net Zero	250
Authority Wide	NI increase (Authority Wide)	1,548
TOTAL		7,116

- 8.5. A review of known budget issues and pressures has been undertaken since the report to Cabinet in December 2021. There are several budget items that need to be adjusted in order to deliver a balanced budget from 2022-23 onwards. Addressing these pressures will mitigate the risk that a significant overspend develops in 2022/23, however, funding these items will reduce the amounts held in central contingencies currently used to offset in-year budget pressures.

Service Area	New Savings/Income Proposal	2022-23 £k	
Strategy & Culture	Leisure Concession Fee Income reduction as a result of COVID-19	1,311	Reducing in future years
Public Health	Increased Coroner & Mortuary fees & demography pressure	178	Ongoing
My Place	Reduced recharge to HRA	700	On going
My Place	Adjustment to ELWA income	30	Ongoing
Inclusive Growth	Removal of unachievable income target	394	Ongoing
Inclusive Growth	Barking Foyer – unachievable income target	250	Ongoing
Community Solutions	Rental income for Brocklebank	583	Ongoing
Community Solutions	Unachievable savings from Elevate (50%) – service to manage 50%	450	Ongoing
Community Solutions	No Recourse to Public Funds – demand	282	Ongoing

Service Area	New Savings/Income Proposal	2022-23 £k	
	and cost pressures		
LGHR – Court Cost Income	Fewer case are proceeding to court	300	Ongoing
Education, Youth & Childcare	Savings relating to CYPS dept no longer achievable	197	Ongoing
Community Solutions	Reduction in cost of TfL Concessionary Fares Scheme as a result of COVID-19	(1,000)	Reducing in future years
Central Expenses	Release balance of savings non-achievement provision	(307)	Ongoing
Central Expenses	Release from inflation costs provision	(634)	Ongoing
Central Expenses	Capitalisation of Pension Strain funding no longer required	(560)	Ongoing
Central Expenses	Care Leavers CT exemption – now included in tax base calculation	(151)	Ongoing
Central Expenses	IT funding provision no longer required	(775)	Ongoing
Central Expenses	Reduction in TA growth provision	(833)	Ongoing
Central Expenses	Reduction in BDTP pension cost provision	(359)	Ongoing
Central Expenses	Removal of leisure fees provision	(56)	Ongoing
TOTAL		-	

- 8.6. The existing MTFs includes the following savings and additional income totalling £1.100m that have already been approved by Assembly. Some of these represent the full year impact of changes that were delivered last year but others such as the closer working with the voluntary sector in Children’s Centres and the Community Banking project are still being developed. Where these proposals are no longer viable a substitution will need to be approved by Cabinet. This is summarised below with a full description and any future year impact shown in Appendix C.

Service Area	Previously Approved Savings/Income	2022-23 £k
Education, Youth & Childcare	Increase in Fixed Penalty Notice Income	(50)
Community Solutions	Transfer of Leys Children’s Centre to VCS	(40)
Community Solutions	Transfer of Becontree Children’s Centre to VCS	(30)
Community Solutions	Transfer of Sue Bramley Children’s Centre to VCS	(20)
Community Solutions	Revenues and Benefits Transformation	(300)
Community Solutions	Local Community Banking Service	(100)
LGHR – Regulatory Services	Additional Fine Revenue	(50)
LGHR – Regulatory Services	Barking Market additional day	(20)
LGHR – Regulatory Services	Additional on-street PCN income	(100)
LGHR – Parking Services	Additional CCTV PCN income	(100)
LGHR – Parking Services	Additional Permit Income	(50)
Inclusive Growth	Economic Development Team	(200)
IT	Cyber Security	(40)
Total		(1,100)

- 8.7. The existing MTFS includes the following budget growth totalling £7.919m. This is summarised below with a full description and any future year impact shown in Appendix C.

Service Area	Previously Approved Growth	2022-23 £k
Care and Support	Disabilities Net Revenue Pressures	600
Care and Support	Children's Net Revenue Pressures	614
Care and Support	Adults Net Revenue Pressures	600
Community Solutions	Service Pressures	260
Participation & Engagement	Service Pressure	(50)
Public Realm	Service Pressures	530
ELWA	Levy Increase	765
Core	Staff Pay Award and Capacity Building	2,000
Core	Non Staff Inflation	1,000
Core	Pensions Remove advance payment element	1,000
Core	Capital Repayment Costs	600
TOTAL		7,919

- 8.8. The net impact of savings and growth (proposed and approved) is shown in the table below These values have been included in the MTFS.

£'000	2022-23	2023-24	2024-25	2025-26
New Savings	(2,399)	(6,157)	(11,376)	(9,413)
New Growth	7,116	1,501	1,600	1,900
SUBTOTAL	4,717	(4,656)	(9,776)	(7,513)
Approved Savings	(1,100)	(1,227)	0,500	0,000
Approved Growth	7,919	10,902	11,252	13,002
NET BUDGET CHANGE	11,536	5,019	1,976	5,489

- 8.9. Included within the MTFS is income from dividends and investment activity from subsidiary companies. The income targets currently in the MTFS are shown in the table below.

£million	2022-23	2023-24	2024-25	2025-26
Be First	10.390	10.707	10.707	10.707
BDTP	2.100	2.100	2.100	2.100
TOTAL INCOME TARGET	12.490	12.807	12.807	12.807

- 8.10. The Council is reliant on the subsidiary companies delivering the expected dividend payments in the relevant financial year. There is a significant risk to the MTFP if these dividends are not delivered. In the short term, the Investment Strategy reserve will be used to smooth out dividend income.

- 8.11. The MTFS also includes the expectation of a return of £1.5m from the Investment Strategy and £0.7m from further commercial activity (Hotel scheme) which increases the level of commercial risk. The MTFS is included in Appendix B.

9. Current Service Updates

- 9.1. **Children's Care and Support** – There are several factors driving the pressures within Children's Care and Support. The impact of COVID-19 has resulted in an increase in the number and complexity of the cases presenting, meaning that additional social workers have been needed to ensure children are protected from harm and there has also been an increase in the numbers of specialist placements required. This has resulted in increased market prices. In the current year and looking to the future the economic climate will impact on care providers further driving up costs. The relatively young demographic makeup of our borough and the multiple challenges faced by some of our residents means that supporting our most vulnerable children and families remains our largest area of expenditure. These needs are expected to persist into next year and the number of children and adolescents in the borough is continuing to grow year on year. In 2020-21 the Council spent around £42m on Care and Support for vulnerable children and the level of spend is forecasted to remain at this level during the current financial year. The service has identified a number of both in year and long-term efficiency improvements and commissioning savings as a contribution to meeting these pressures. The Council is increasing the budget £0.614m in 2022.23. In addition, the Council is investing £2m in the Targeted Early Help service. This is with a view to realising better outcomes for Children and families and to prevent Children migrating through the service requiring a higher level of support. This is in addition to substantial budget growth provided in 2020-21 and 2021-22.
- 9.2. **Disabilities Care and Support** - Continuing medical advancements mean an increased life expectancy of people with living with severe and complex disabilities in our borough, and we are seeing a significant number of children with special educational needs and young adults living longer with much more complex needs. Previous reviews of the service and development of the Disabilities Improvement Programme identified the need for significant investment in assessment, support, and prevention especially for children and young people. We have recognised these needs by allocating £6.8m of growth funding to this service. This is partly funded from the Care and Support grants from Central Government and partly from the Council's own resources including Council tax. This financial year we are providing a further £0.6m of growth.
- 9.3. **Adults' Social Care** – significant budget growth was provided for Adult services in 2020-21. This has allowed us to meet the needs of vulnerable Older People and the increasing numbers of residents with mental health needs. We have maintained this level of investment in 2021-22 and are providing a further £0.6m of investment in 2022-23.
- 9.4. **Community Solutions** - Community Solutions has continued to expand and encompasses a range of front-line services supporting residents in challenges such as debt, unemployment, homelessness, providing advice and support for several universal services including those commissioned by Care and Support and Library Services for all. During the epidemic and lockdown, it has had a particularly important role and is central to the delivery of Community Hubs. Community Solutions has made £6m savings from 2017-18 to 2021-22. In 2022-23. We are investing in areas such Revenues and Benefits to generate further income £420k to generate £1.0m of income, Community Hubs, participation, and engagement to ensure continued improvement in working with our community. Moving forward the

department now includes Customer Service and Digital where there has been a focus on how we are responding to changes in technology and our customers' preferences when contacting the Council, this should release savings out of the Council's current processes.

- 9.5. Every One Every Day has been awarded funding of £200k per year, for a further three years (previously £300k per year), subject to external grant funding being secured to deliver the estimated £1.1m annual running costs. This programme will continue to secure further investment into the Borough via external funders.
- 9.6. As part of the ongoing funding arrangements performance and outcome targets are to be agreed that will be reviewed on annual basis and contained within a Memorandum of Understanding and governance arrangements concerning the Council's investment. This will also include all necessary steps to implement the development and necessary support for the ongoing development of a participation culture and its projects, reporting to the Participation and Engagement Members group as required.
- 9.7. **My Place** - My Place delivers the Council's "place-based" services that is housing management and environmental services such as waste, recycling and parks and also asset management. It will continue to support delivery of the Council's capital programme. Over the next few years we expect to make significant investment in the waste and recycling services to meet the National Waste Strategy standards and residents expectations while contributing to carbon reduction. In 2022-23 there will be some initial investment in these programmes and funding to support cost pressures from inflation and the increase in housing. We will also be realigning the budget for income received from the HRA.
- 9.8. **Enforcement**- As normal business begins to return Parking is forecasting a surplus of £3.4m in this financial year, and a further £3.5m in 2033-23 based on current performance. This is income from a mixture of fines and commercial income and potential additional markets activity.
- 9.9. **Core Support Services** – During the 2020-21 financial year the borough's joint venture with Elevate was wound up and services such as ICT, income collection, procurement and customer services were brought back into the Council. There is a clear need to invest further in our IT infrastructure so that we can continue to improve efficiency, make services more accessible online and also ensure data security and protection from cyber attack.
- 9.10. **Leisure** - The Council has a long term agreement with a Leisure Provider to manage its leisure facilities. Until the pandemic this provided a significant income to the Council. However the centres were required to close for long periods and the terms of the agreement were renegotiated. This has reduced the income expectation in this financial year and 2022-23 and then start to increase from 2023-24 onwards. A budget adjustment has been built in to reflect this revised profile.
- 9.11. **Concessionary Fares** - The borough makes a contribution to TFL for the costs of free and subsidised public transport for older and disabled people. The amounts charged depend on the cost of fares and the level of activity. Use of public transport reduced very sharply during the pandemic and has not yet returned to previous levels resulting in much lower costs of the scheme. The budget for this

has therefore been reduced in line with costs. In future years activity is expected to rise again and the costs are likely to increase with inflation so budget increases have been built in for future years.

10. Investment Strategy

- 10.1. The Council continues to put our balance sheet to work. We are continuing to leverage our assets to generate financial returns to the Council and provide benefits for the community.
- 10.2. The Council has pursued an ambitious programme of investment. The target return included in the MTFS is £5.7m in 2021-22. This is dependent on investments delivering the expected return on time as outlined in business plans that have been agreed already. The cumulative General Fund borrowing total is expected to reach £784m in 2021-22, growing to £1,340m in 2022-23. Work is ongoing to ensure that the cost of financing the borrowing requirement is managed carefully in order to meet the target return in each year of the MTFS.
- 10.3. Further detail on the Investment Strategy can be found in the Treasury Management Strategy Statement also on this meeting's agenda.

11. Capital Programme

- 11.1. The Council's current gross General Fund capital programme for 2022-23 is £66.814m for Services and transformation and £418.168m for the Investment and acquisition (IAS) strategy. The largest element of the Services programme is Schools/Education (£40.776m) which is largely grant funded by the Department of Education.
- 11.2. The Council's Indicative General Fund Capital Programme 2021-22 to 2024-25 is set out below. A more detailed breakdown of the 2022-23 programme is set out in Appendix F. Appendix F does include the forecast spend for a number of IAS schemes that have not, as yet, had confirmed budgets agreed and therefore the report does contain a significant amount of acceleration. This position will be corrected prior to yearend, as and when schemes budgets are formally agreed. The Capital spend in the appendix is also gross, with financing noted next to each scheme.

Capital Expenditure	2021/22	2022/23	2023/24	2024/25
General Fund				
Adults Care & Support	1,000	1,604	-	-
Community Solutions	74	-	-	-
Core	1,231	1,145	-	-
CIL / S106	623	878	-	-
Culture, Heritage & Recreation	3,718	8,022	250	
Enforcement	591	2,369	0	-
Inclusive Growth	10,236			
Transport for London schemes	554	893	-	-
My Place	7,028	6,518	5,190	
Public Realm	1,530	732	-	-
Education, Youth and Childcare	25,297	39,687	24,263	
Other	331	1,634		

Capital Expenditure	2021/22	2022/23	2023/24	2024/25
Transformation	6,094	1,990	-	-
TOTAL EXPENDITURE	58,307	65,472	29,703	0
Financed by:				
Grant	-37,087	-46,157	-24,263	0
CIL/S106	-254	-1,376	-100	0
Revenue	-665	-2,149	0	0
Capital Receipts	-6,094	-1,990	0	0
Self-Financing	-1,968	-2,768	0	0
Total Net Borrowing Requirement	12,239	11,032	5,340	0
Investment and Acquisition Strategy				
Committed Funding Requirement	398,209	418,168	373,174	182,798
IAS Grants (RtB, GLA) and sales	-69,927	-93,313	-109,133	-46,768
Total Net Borrowing Requirement	328,282	324,855	264,041	136,030
PFI Additions & Repayments	-3,009	70,000	-3,459	-3,768
Net financing need for the year	337,512	405,887	265,922	132,262

- 11.3. The budgets include estimates of roll-forwards budgets from 2021-22 and are indicative. Not all the IAS expenditure is under contract but they have been agreed by Cabinet. Capital Receipts include the sale of the Film Studio land and part of the potential sale of Pondfield and will be used to fund transformation costs. Additional capital receipts are not included here but will be used to reduce the Council's overall Capital Financing Requirement (CFR).
- 11.4. The MTFS includes provision of £450k to fund a corporate capital programme of £5m of new capital schemes (actual cost dependent on asset life and interest rate). This budget is split between interest and Minimum Revenue Provision and work will be completed, following the confirmation of the 2021-22 outturn and allocated.
- 11.5. There was no bidding round for the 2022-23 capital budget for new capital schemes as internal funding available from non-ringfenced resources is already set aside for existing commitments. Non-ringfenced resources comprise prudential borrowing, capital receipts (excluding HRA right to buy receipts) and revenue contributions from either budgets or earmarked reserves. Given the current pressures on the revenue General Fund budget and the lack of previously accumulated General Fund capital receipts, the main resource available to meet future capital demands is prudential borrowing for 2022-23, limiting any new capital schemes which are not externally funded to £5m as set out in 11.7. The commitments can be summarised as follows:

	£m
Recurring allocations (see 11.6 below)	1.34
Future year impact of 2020-21 bids (see 11.7 below)	3.70
Total already committed	5.04

- 11.6. As part of the 2021-22 budget report, there were two schemes which were put forward for approval as recurring amounts in the capital programme every year. These are:

- £1m for urgent maintenance and health and safety works
- £340k for ward budgets

11.7. There were also a number of capital bids approved as part of the 2021-22 budget which included future year commitments against those schemes approved. These schemes total £3.70m for 2022-23 and, including £280k of forecast slippage from 2021-22, a total of £3.98m. Including the £1.34m recurring amounts, the total for 2022-23 is £5.949m, as outlined below:

		Q3	Q3	Q3	21/22	22/23	22/23	23/24
Code	Project	Budget	Cost	Forecast	Carry-Forward	Budget	Indicative Budget	Budget
FC05018	Stock Condition Survey	1,054	324	885	169	1,000	1,169	1,000
FC02811	Ward Capital Spend	578	88	118	460	340	800	340
FC05048	Procuring in cab tech for waste vehicles & subsequent licences etc	140	-	50	90	65	155	30
FC03065	HIP 2016-17 Footways & Carriageways	3,726	3,011	3,960	-234	3,485	3,251	3,820
FC05038	82A AND 82B OVAL ROAD SOUTH	325	-	-	325	-	325	-
FC03090	Lakes	254	94	155	99	150	249	150
Total		6,077	3,517	5,168	909	5,040	5,949	5,340

12. Flexible Use of Capital Receipts

12.1. The Council intends to make further use of the flexibility provided by the Government to use capital receipts for the specific purpose of investment in 2022-23 transformation projects that deliver ongoing revenue budget savings. This flexibility has been in place since 2016/17 following a number of extensions to the initial directive by Government. The most recent extension was announced in February 2021 to apply from 2022/23 to 2024/25, however at the time of writing the report the formal guidance has not been issued.

12.2. Due to the delay in publication by DLUHC of the details of the extension to the flexible use of capital receipts, the updated policy and qualifying schemes have not been published alongside this report. Should the Direction be issued in advance of the Assembly meeting in March, an updated policy will be provided.

13. Dedicated Schools Budget and Early Years Funding

13.1. The Dedicated Schools Grant is a ringfenced grant provided by the Department for Education. The allocation for 2022-23 is based on October 2021 pupil census data and the Department for Education has published the final DSG allocations for 2021-22 which is £319.7m (pre-recoupment i.e., inclusive of funding for academies and free schools.).

13.2. In December Cabinet received a report detailing the Dedicated Schools Grant (DSG) and approved the principles for setting the local funding formula for schools.

13.3. As set out in the December report there will be no transfers between the DSG

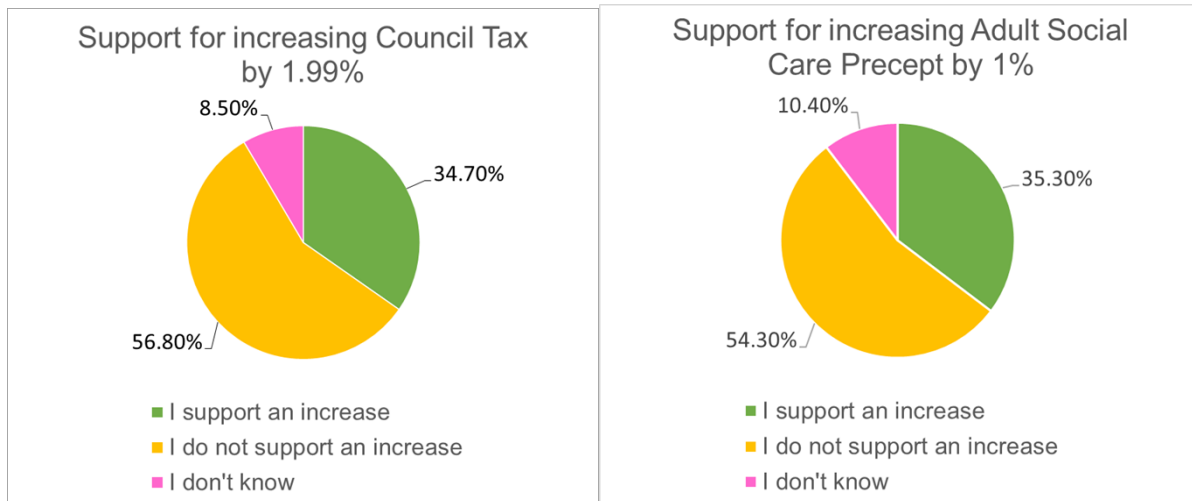
blocks this year. However, the Schools block has been topsliced to provide sufficient funding for growth – new classes that we expect to be required for September 2022. We will be drawing down on the DSG reserve to create a small fund to assist schools facing temporary financial challenges as a result of falling rolls.

- 13.4. The Schools funding formula has been set in line with the principles agreed by Schools Forum and Cabinet. The national rates (adjusted for area costs) have been used for all additional needs factors but the basic age weighted funding element has been adjusted to bring the funding balance between primary and secondary phases to the agreed ratio of 1:1.35. All schools have had their pupil led funding protected to give them an increase of 2.0% per pupil. Members are recommended to confirm approval of the overall principles and the consequent funding factors for the schools block, which are set out in Appendix G.
- 13.5. The Dedicated Schools Grant also provides funding for Early Years Education and Childcare for eligible two year olds (15 hours per week) and three and four years olds (fifteen or thirty hours depending on eligibility.) The provisional allocation for 2021-22 for Early Years is £21.6m but this is subject to change in line with take up of places. This allocation includes an increase in the hourly rates of 17p for three to four year olds and 21p for two year olds. It is recommended that this increase is passed through to our local providers.
- 13.6. In addition, it is proposed to top up both rates to make the total increase of 25p to be funded by drawing down on the DSG reserve. This would increase the basic provider rate to £5.76 per hour for two year olds and £5.09 per hour for three to four year olds.

14. Consultation

- 14.1. A report on the Budget strategy was presented to Cabinet in November 2021, updating Members on funding assumptions and other factors affecting the MTFS.
- 14.2. A consultation exercise on the budget with residents and businesses began in January 2022. The Council was interested to hear residents' views on the proposed social care precept and their views on the type of services that will need to be delivered in the future.
- 14.3. As a result of the provisional local government finance settlement being published later than expected in December 2021, the consultation exercises started later than in previous years.
- 14.4. The exercise comprised a number of events as follows:
 - An online budget consultation which ran throughout January. The online survey was undertaken which had 173 responses.
 - Social media posts from 7 January to 31 January
 - Facebook Live Q&A, 27 January 6pm
- 14.5. The Facebook Live Q&A session had 1,000 views with 89 comments, 81 likes and 9 shares. It is estimated that the reach of the session was 2,400 people (based on the average number of people watching the livestream).

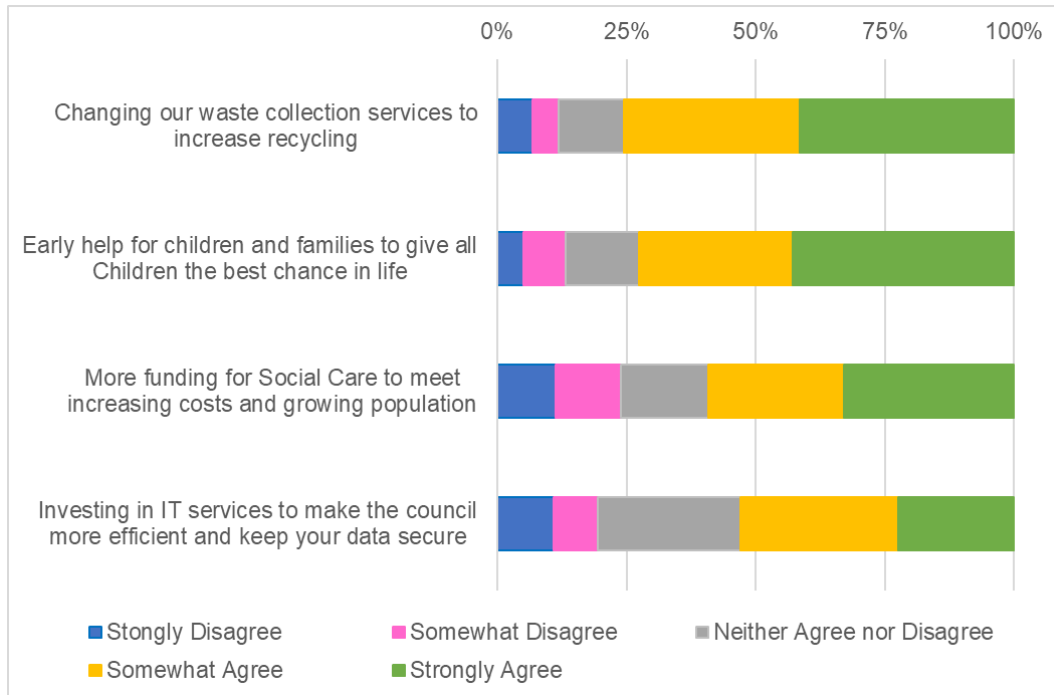
- 14.6. The online budget consultation was completed by 172 residents and 1 representatives of a business that pays business rates in the Borough. The online survey asked 9 questions which provided the opportunity to include detailed comments on where the council should reduce or remove spending, where service users could be charged and where the council should focus when developing future proposals.
- 14.7. When asked for their views on raising council tax and the adult social care precept the results are shown below:



- 14.8. The consultation asked respondents to rank service areas that the Council should prioritise. A score of 1 represents areas that are most important and 10 represents areas that are less important. The ranked results are shown below:

Service Area	Rank
Keeping the streets clean and collecting waste	4.06
Giving all children the best start in life	4.14
Reducing anti-social behaviour	4.33
Supporting older people and adults with disabilities	4.59
Providing economic development and jobs	5.52
Providing more affordable housing	5.84
Better engagement with our residents as citizens, voters and customers	6.60
Providing opportunities for everyone to participate in leisure, culture, and community activities	6.85
Working to reduce debt for our residents	7.28
Carbon reduction and moving towards net zero	7.45
Improving private rented housing	7.54

The consultation asked respondents for an indication of their support for areas where investment is planned in the 2022/23 budget. The results are shown below:



15. Statutory Report of the Chief Financial (S151) Officer

- 15.1. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget estimates and the adequacy of financial reserves. The Act also requires the Authority to which the report is made to have regard to the report when making decisions about the budget.
- 15.2. In this context, the reference to the Chief Finance Officer is defined in Section 151 of the Local Government Act 1972. This statutory role is fulfilled in this authority by the Finance Director.
- 15.3. In summary, the Chief Finance Officer considers the budget proposals to establish a net budget requirement of £181.895m and council tax requirement of £72.350m for 2022-23 as set out in this report as robust. The level of reserves is sufficient to mitigate known risks during the forthcoming financial year taking account of the Council’s financial management framework. However, the financial outlook over the medium term remains challenging with increasing cost pressures and uncertainty due to the ongoing impact of the COVID-19 pandemic and further delays to planned changes to the national local government funding framework, now expected from 2023-24. The council will be required to remain proactive in delivering sustainable council transformation to ensure a balanced budget position can be maintained for 2022-23 and beyond.
- 15.4. The robustness of the underpinning financial planning assumptions on which the budget has been determined:
- Financial resources are appropriately aligned to the strategic priorities of the council with appropriate investment to meet priorities and respond to changes in demand.
 - Savings have been identified in line with the Council’s transformation programme and action plans are in place for their delivery.

- Appropriate actions are being taken to identify and collect outstanding debts owed to the council, including historic debts.
- Contingency budgets are held centrally to mitigate unforeseen cost pressures in the event they arise during the course of the year. This could be used to meet unexpected increases in demand led services or potential continued impact following the COVID-19 pandemic and the Exit from the EU.
- Employee budgets are based on the appropriate scale point although the cost of annual pay rises is expected to be absorbed within service budgets.
- Assumptions about future inflation and interest rates are realistic.
- Income estimates are based on updated forecasts against trend.
- Capital and revenue budgeting are integrated with the revenue consequences of the capital programme considered as part of the overall budget process.

15.5. Appropriate governance arrangements are in place to manage financial resource throughout 2022-23:

- Financial management is delegated appropriately, and commitments are entered into in compliance with Financial Regulations and Contract Rules as contained in the Council's Constitution.
- Effective governance arrangements are in place for budget monitoring and reporting during the financial year with corrective action taken to mitigate overspends where necessary.
- A risk assessment has been carried out on the revenue budget and this will be monitored and reported to Cabinet throughout the year.

15.6. An assessment of the funding framework for local government:

- The settlement figures provided in the budget are based on the provisional settlement. Any variations in the final settlement will be reported as part of quarter 1 budget monitoring 2022-23.
- The proposals do not breach the "excessiveness" principle for 2022-23, where a local referendum is required. The threshold for 2022-23 for general council tax if it rises by 2% or more, alongside a 1% social care precept.
- Appropriate assessment has been made of the council tax and business rate base 2022-23 and the likely levels of collection and bad debt recovery. There is a risk that may emerge during 2022-23 if business rate revaluations take place as a result of COVID-19.

15.7. In assessing the adequacy of reserves, the Chief Finance Officer has considered the level of reserves and undertaken a risk-based approach to assessing the minimum level of balances. For 2022-23 and 2023-24 the minimum level of General Reserves is recommended at £12.0m. The current level of the General Fund balance is £17.0m.

15.8. Earmarked Reserves are available to provide financing for future expenditure plans. Earmarked Reserves (excluding those held by schools under delegation) stood at £91.2m at 1 April 2021. These are forecast to be £89.3m by 31 March 2022.

15.9. The Budget Support Reserve, intended to provide short term support and pump prime efficiencies, stood at £11.4m at 31 March 2021. This reserve balance is forecast to be £4.2m by 31 March 2022. The underlying 202-23 budget does not place undue reliance on reserves as general budget support.

15.10. The Council continues to face financial challenges over the medium term. The delivery of a balanced budget for 2022-23 is reliant on delivering new savings of £2.399m in addition to those outstanding from previous years. Further savings will need to be identified in 2023-24, 2024-25 and 2025-26. There is significant uncertainty in relation to local government funding beyond 2022-23 and the potential impact of changes to New Homes Bonus, the Business Rates Retention Scheme and the Review of Relative Needs (Fair Funding). The Council continues to maintain its focus on delivering transformation at pace and thereby securing financial sustainability.

16. Financial Implications

Implications completed by: Philip Gregory, Finance Director

16.1. The detailed financial implications have been covered throughout the report. Members are asked to note the CFO opinion as outlined in section 15 above.

17. Legal Implications

Implications completed by: Dr Paul Feild, Senior Standards & Governance Lawyer

- 17.1. As set out in the main body of the report, local authorities are under an explicit statutory duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This is set by sound public accounting practice guidance. As part of this requirement a forward-thinking medium-term budget strategy is key to ensuring stability. This includes taking account of future income, liabilities, risks, investments, contingencies, statutory compliances, contractual obligations and of course securing best value for money.
- 17.2. The Local Government Act 2003 Section 25 sets a specific duty on an Authority's Chief Financial Officer (Finance Director) to make a report to the authority for it to take into account when it is considering its budget and funding for the forthcoming year. The report must deal with the robustness of the estimates and the adequacy of the reserves included within the budget and the Authority must have regard to the report in making its decisions. Section 26 of the Act gives the Secretary of State power to set a minimum level of reserves for which an authority must provide in setting its budget. The Secretary of State stated that 'the provisions are a fall back against the circumstances in which an authority does not act prudently, disregards the advice of its Chief Financial Officer and is heading for serious financial difficulty'.
- 17.3. The proposals are founded on the information known at the time however circumstances can change such as we have seen in the current financial year (2021-22) with the Covid 19 Pandemic continuing with the Autumn and Winter new viral strains of Delta and Omnicom which continue its significant impact on both incomes and additional costs, though tempered by the widescale vaccination and booster programme. Budgetary tools such the MTFs are living documents which must adjust according to the situation the authority encounters and further anticipates. As a consequence, there is an ongoing need to prepare for contingencies including maintaining sound risk management and level of reserves which enables the authority to be prepared to deal with risks, contingencies and its

future strategic vision.

- 17.4. By law a local authority is required under the Local Government Finance Act 1992 to produce a 'balanced budget'. The current budget setting takes place in the context of significant and widely known reductions in public funding to local authorities. Where there are reductions or changes in service provision as a result of changes in the financial position the local authority is free to vary its policy and consequent service provision but at the same time must have regard to public law considerations in making any decision lawfully as any decision eventually taken is may be subject to judicial review. Members would also wish in any event to ensure adherence as part of good governance. Specific legal advice may be required on the detailed implementation of any agreed savings options. Relevant legal considerations are identified below.
- 17.5. Whenever there are proposals for the closure or discontinuance of a service or services, there will be a need for appropriate consultation, so for example if savings proposals will affect staffing then it will require consultation with unions and staff. In relation to the impact on different groups, it should be noted that the Equality Act 2010 provides that a public authority must in the exercise of its functions have due regard to the need to eliminate discrimination and to advance equality of opportunity between persons who do and those who do not share a relevant 'protected characteristic'. This means an assessment needs to be carried out of the impact and a decision taken in the light of such information. In addition to that, Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet.
- 17.6. If at any point resort to constricting expenditure is required, it is important that due regard is given to statutory duties and responsibilities. The Council must have regard to:
- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must be fulfilled or varied with agreement of current providers;
 - any legitimate expectations that persons already receiving a service (due to be cut) may have to either continue to receive the service or to be consulted directly before the service is withdrawn;
 - any rights which statute may have conferred on individuals and as a result of which the council may be bound to continue its provision. This could be where an assessment has been carried out for example for special educational needs statement of special educational needs in the education context);
 - the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;
 - to any responses from stakeholders to consultation undertaken.

18. Corporate Policy and Equality Impact

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

- 18.2. The Council's Equality and Diversity strategy commits the Council to ensuring fair and open service delivery, making best use of data and insight and reflecting the needs of the service users. Equality Impact Assessments allow for a structured, evidence based and consistent approach to considering the equality implications of proposals and should be considered at the early stages of planning.
- 18.3. There are no new savings proposals put forward that require EIAs and these have been carried out for all existing saving to ensure the Council properly considers any impact of the proposal. The Council's transformation programme aims to redesign services to make them more person-centred and focussing on improving outcomes for residents. Therefore, in most cases the proposals have either a positive or neutral impact. However, where a negative impact has been identified, the Council will ensure appropriate mitigations are considered and relevant affected groups are consulted.

Public Background Papers Used in the Preparation of the Report:

- Provisional Local Government Finance Settlement
<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2022-to-2023>
- Calculation and Setting of Council Tax Base 2022-23
<https://modgov.lbbd.gov.uk/internet/ieDecisionDetails.aspx?AllId=86303>
- Council Tax Support Scheme 2022-23
<https://modgov.lbbd.gov.uk/internet/ieDecisionDetails.aspx?AllId=86301>
- Dedicated Schools Budget and Schools Funding Formula 2022-23
<https://modgov.lbbd.gov.uk/internet/ieDecisionDetails.aspx?AllId=86300>
- Fees and Charges 2022
<https://modgov.lbbd.gov.uk/internet/ieDecisionDetails.aspx?AllId=86292>

List of appendices:

- Appendix A – Revenue Budget
- Appendix B – MTFS
- Appendix C – Savings and Growth Proposals
- Appendix D – The Statutory Budget Determination
- Appendix E – Calculation of the Council Tax Requirement
- Appendix F – Draft Capital Programme
- Appendix G – School Funding Formula Factors
- Appendix H – Forecast General Fund and Usable Reserves
- Appendix I – New Homes Bonus Allocations

This page is intentionally left blank

	Initial Base	Capital	Recharges	Savings	Growth	Other MTFS Ac	Central Items	Service Adjustments	Total
CARE AND SUPPORT	85,394,277	1,248,640	5,421,000	-	4,182,856	-	-	450,000	95,796,773
CENTRAL	37,120,660	- 32,116,900	2,615,040	- 212,000	5,419,869	- 10,949,325	7,694,000	- 4,674,857	4,896,487
COMMUNITY SOLUTIONS	17,702,548	4,749,310	2,090,840	- 1,070,000	1,298,508	-	-	1,125,600	25,896,806
CONTRACTED SERVICES	-	-	-	-	-	-	-	-	-
CORE	7,964,760	549,050	- 8,224,220	5,000	1,544,660	-	-	47,330	1,791,920
EDUCATION, YOUTH & CHILDCARE	3,575,560	14,566,510	2,078,950	- 50,000	64,691	-	-	196,620	20,432,331
INCLUSIVE GROWTH	322,991	104,170	914,590	- 200,000	280,947	-	-	393,520	1,816,218
LAW, GOVERNANCE & HR	1,359,100	346,680	- 3,010,040	- 1,818,000	311,400	-	-	-	- 2,810,860
MY PLACE	9,391,640	10,135,450	- 2,938,580	- 154,000	1,152,987	-	-	730,000	18,317,497
POLICY & PARTICIPATION	- 642,600	1,017,090	87,100	-	72,735	-	-	1,536,647	2,070,972
SDI COMMISSIONING	11,425,014	-	965,320	-	107,004	-	-	1,189,800	13,687,138
TOTAL	173,613,950	600,000	- - 3,499,000	14,435,656	- 10,949,325	7,694,000	- -	181,895,281	

This page is intentionally left blank

MEDIUM TERM FINANCIAL STRATEGY

Summary Model - MTFS February 2022

2020/21 Outturn	2021/22 Budget	2021/22 Forecast Outturn	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
£m	£m	£m	£m	£m	£m	£m

NET COST OF SERVICES	149.352	161.318	161.318	175.653	187.190	192.142	194.118
----------------------	---------	---------	---------	---------	---------	---------	---------

Financial Planning

Savings - Existing Plans	-	(2.641)	(2.641)	(3.499)	(1.290)	0.076	(0.122)
Savings - to be identified	-	-	-	-	(6.161)	(10.952)	(9.291)
Growth	-	17.428	24.655	14.436	11.803	12.252	12.402
Capital	-	0.260	0.260	0.600	0.600	0.600	0.600

Reserves

Contributions to Earmarked Reserves	31.071	9.062	9.062	-	-	-	-
Contributions from Earmarked Reserves	(1.471)	(3.407)	(10.634)	(4.130)	(1.600)	-	-
COVID-19 Reserves/carry forward	13.924	-	-	-	-	-	-
Use of General Reserve	-	-	-	-	-	-	-
Net Expenditure after Reserves	192.876	182.020	182.020	183.060	190.542	194.118	197.707

Funding

NDR/RSG	(81.300)	(80.593)	(80.593)	(81.391)	(79.468)	(81.188)	(81.188)
Other Grants	(9.062)	(9.405)	(9.405)	(11.351)	(18.019)	(17.942)	(17.942)
COVID Grants	(34.220)	(7.694)	(7.694)	-	-	-	-
22/23 Services Grant	-	-	-	(3.978)	-	-	-
(Surplus)/Deficit on Collection Fund	(1.745)	2.663	2.663	-	-	-	-
Company Dividends	-	(12.490)	(12.490)	(12.490)	(12.807)	(12.807)	(12.807)
Investment Income	(0.762)	(5.712)	(5.712)	(1.500)	(4.542)	(3.042)	(3.042)
Demand on Collection Fund	65.787	68.789	68.789	72.350	75.705	79.139	82.728

Council Taxbase	51,204.00	50,996.00	50,996.00	52,079.16	53,939.13	54,748.22	55,569.44
Council Tax at Band D (£)	1,284.80	1,348.91	1,348.91	1,389.24	1,403.53	1,445.50	1,488.72

Council Tax Precept £m	65.787	68.789	68.789	72.350	75.705	79.139	82.727
Percentage Increase in Council Tax	4.99%	4.99%	4.99%	2.99%	2.99%	2.99%	2.99%

This page is intentionally left blank

SAVINGS AND GROWTH PROPOSALS

Incremental Basis

*negative values (in brackets) are savings		2022/23	2023/24	2024/25	2025/26
		£k	£k	£k	£k
Service Area	Growth Proposal				
My Place	Waste & Recycling New year on year pressure of £2,295k by 2025/26 to implement the National Waste Strategy, including weekly food collection, free Green Garden Waste and weekly recycling.	0	295	1,000	1,000
My Place	Waste & Recycling A one-off investment of £150k in 2022/23 will fund consultancy work to support implementation of the National Waste Strategy and public engagement to support implementation of the food waste service.	150	(150)	0	0
My Place	Keeping the Streets Clean There is a year-on-year pressure of £250k. This is the cost of addressing the pressure in the current budget to ensure delivery of current levels of activity is sustainable. This pressure has been considerably reduced over the last year.	0	250	0	0
My Place	Keeping the Streets Clean There is a one-off budget requirement of £150k to support new strategies linked to resident behaviour change, waste minimisation and recycling.	150	(150)	0	0
Care & Support	Giving Children the Best Chance There is a year-on-year pressure at a minimum of £3,000k. Additional funding is required to create a sustainable Early Help Service. Since the workshops, further work on the Early Help Target Operating Model (TOM) identified that an immediate investment of £1.6m is required to ensure the safety and effectiveness of the current service. The EH TOM also points to independent evidence suggesting a further estimated investment of £1.4m - subject to a business case - would curb predicted future demand on statutory services.	2,000	1,000	0	0
Care & Support	Market Sustainability & Fair Cost of Care Grant *This is a new grant we have assumed it will continue Grant coming to Borough to be passported to the service.	616	0	0	0
Community Solutions	Community Hubs (2 years funding) There is an investment requirement in these services of £70k for 2 years. This is the cost of appointing a senior manager who would be responsible for getting the 17 hubs up and running, and then further developing, maintaining and managing the hubs.	70	0	(70)	0
Community Solutions	BD-Can (one year funding only) There is an investment of £112k to extend current resources to support the delivery of CAN (2 roles) for one year.	112	(112)	0	0
Community Solutions	Youth Zone (3 year funding agreement).	200	0	0	(200)
Community Solutions	Building Capacity in the Social Sector (1 year FTC) in addition to the £112k proposal previously.	63	(63)	0	0
Community Solutions	Improving Debt Collection Invest to Save 21-22 Saving, not reversed at end of 12 month pilot. Expenditure £112k, to save £500k.	388	0	0	0
Community Solutions	Community Solution Pressures (2022/23 and 23/24 already approved)	0	0	260	260
Core	Inclusive Workplace There is a continued investment in these services required to maintain the delivery of Inclusive Workplace aspirations. This extends some of the temporary HR resources enabling the delivery of Inclusive Workplace priorities.	100	0	(100)	0
Core	Tools & Capabilities IT core budget deficit.	105	0	0	300
Core	Tools & Capabilities IT contract inflation costs.	260	0	0	0
Core	Tools & Capabilities	586	0	0	0

SAVINGS AND GROWTH PROPOSALS Incremental Basis

*negative values (in brackets) are savings		2022/23	2023/24	2024/25	2025/26
		£k	£k	£k	£k
Service Area	Growth Proposal				
	IT operations resourcing specialist, technical expertise - related to ERP, DCAP, GIS and Cyber Security.				
Core	Tools & Capabilities IT training budget and an IT trainee and career development scheme.	200	0	0	0
Core	ELWA Levy Increase Provision for ELWA increases (2022/23 and £2023/24 already approved)			800	800
Core	Staff Pay Award and Capacity Building (2022/23 and 23/24 already approved)			2,000	2,000
Core	Non Staff Inflation (2022/23 and 23/24 already approved)			1,000	1,000
Inclusive Growth	Net Zero Year-on year investment in these services of £250k is required to deliver on our Green Capital of The Capital ambitions. This is the cost of 2 roles in commissioning to drive the agenda forward and attract new funding, plus 2 roles to boost capacity in communications and procurement, to help drive the behaviour change and practises of our residents and contractors. It also includes a small commissioning budget to run public engagement campaigns and to commission technical expertise.	250	0	0	0
Strategy and Culture	Cultural Production There is an investment required of £106k for the cost of a new set of resources in the cultural commissioning team to ensure cultural and economic benefits of major new programmes and activity - including TATE - are fully realised.	106	0	0	0
Strategy & Culture	Tools & Capabilities Make fixed term resources in the Strategy & Policy team permanent (Head of Strategy, Policy & Equalities Strategy Manager.	167	0	0	0
Strategy & Culture	Opportunities to Participate There is an investment requirement of £45k to bring the EFG London Jazz Festival and related community workshops and family programmes to the Borough.	45	(45)	0	0
Authority Wide	NI Insurance Growth for increase (1.25% of salary budget)	1,548	0	0	0
SUB-TOTAL		7,116	1,025	4,890	5,160
Pre- Approved Growth (February 2021)		7,319	11,102	7,042	7,402
MTFS Total		14,435	12,127	11,932	12,562
SAVINGS PROPOSALS					
Community Solutions	Debt & Affordable Credit (2 years funding)	(580)	0	(420)	0
My Place	Property Management & Capital Delivery	(154)	(66)	(65)	(72)
Core	Digital Identity Verification (requires £100k Capital)	(25)	(25)	-	-
Core	Mobile Telephony move to Daisy from EE	(72)	72	-	-
Core	Streamline IT Procurement	45	(44)	(56)	(50)
Core	MPLS Replacement	(115)	0	115	-
Core	Parking Enforcement Income	(1,498)	0	0	0
SUB-TOTAL		(2,399)	(63)	(426)	(122)
Pre Approved Savings (February 2021)		(1,100)	(1,227)	500	0
TOTAL Identified MTFS Savings		(3,499)	(1,290)	74	(122)

SAVINGS AND GROWTH PROPOSALS Incremental Basis

		2022/23	2023/24	2024/25	2025/26
*negative values (in brackets) are savings		£k	£k	£k	£k
Service Area	Growth Proposal				
GROWTH PROPOSALS FUNDED FROM EXISTING RESOURCES		Incremental Basis			
		2022/23	2023/24	2024/25	2025/26
*negative values (in brackets) are savings		£k	£k	£k	£k
Service Area	Growth Proposal				
Leisure	Concession fee income reprofiled	1,311	(666)	(567)	(620)
Public Health	Coronor and Mortuary Fees - additional costs due to Demographic changes	178	-	-	-
My Place	Reduction in HRA Recharge Income	700	-	-	-
My Place	ELWA Income Target historically incorrect	30	-	-	-
Inclusive Growth	Removal of a historic unachievable income target	394	-	-	-
Community Solutions	Foyer Savings - Proposal from Inclusive Growth, not achievable	250	-	-	-
Community Solutions	Brocklebank - TA rent no longer received	583	-	-	-
Community Solutions	Revenues & Benefits. Inherited and historical budget pressures (ELEVATE)	450	-	-	-
Community Solutions	NRPF -demand and cost pressures	282	-	-	-
Community Solutions	Court Costs Income - welfare reform and ethical enforcement	300	-	-	-
Education, Youth & Childcare	Removal of a historic unachievable income target	197	-	-	-
TOTAL GROWTH		4,675	(666)	(567)	(620)
Funded from					
Community Solutions	Adjustment in provision for coessionary fares	(1,000)	785	2,050	840
Central Expenses	Release balance of Savings Non Achievement Provision	(307)	-	-	-
Central Expenses	Release from Inflation Costs Provision	(634)	-	-	-
Central Expenses	Reduction of Provision in Pension Strain Capitalisation as no longer required	(560)	-	-	-
Central Expenses	Reduction in Provision for Care Leavers Council Tax now in CT Base	(151)	-	-	-
Central Expenses	Removal of IT Reserve not approved for 22-23 onwards	(775)	-	-	-
Central Expenses	Reduction in Temporary Accomodation Growth Provision	(833)	-	-	-
Central Expenses	Reduction in Provision for BDTP Pension payments as costs decreasing	(359)	-	-	-
Central Expenses	Removal of Residual Provison for Leisure fees as budget now with service	(56)	-	-	-
TOTAL FUNDING		(4,675)	785	2,050	840
Net Growth		-	119	1,483	220

This page is intentionally left blank

STATUTORY BUDGET DETERMINATIONS

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

1. At its meeting on 18 January 2022 the Council approved the Council Tax Base 2022/23 calculation for the whole Council area as 52,079.16 [Item T in the formula in Section 31B (3) of the Local Government Finance Act 1992, as amended (“the Act”)]

2. The following amounts have been calculated by the Council for the year 2022/23 in accordance with Sections 31 to 36 of the Act:-

(a)	£971,303,424	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£898,952,972	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£72,350,452	being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year (i.e. Item R in the formula in Section 31A(4) of the Act).
(d)	£1,389.24	being the amount at 2(c) above (i.e. “Item R”), divided by Item T (shown at 1 above), calculated by the Council, in accordance with Section 31B(1) of the Act as the basic amount of its Council Tax for the year. Refer below for further detail.

Valuation Bands

A	B	C	D	E	F	G	H
£926.16	£1,080.52	£1,234.88	£1,389.24	£1,697.96	£2,006.68	£2,315.40	£2,778.48

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

3. That it be noted that for the year 2022/23 the Greater London Authority has indicated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:-

Precepting Authority: Greater London Authority

Valuation Bands

A	B	C	D	E	F	G	H
£263.73	£307.68	£351.64	£395.59	£483.50	£571.41	£659.32	£791.18

4. That, having calculated the aggregate in each case of the amounts at 2 and 3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2022/23 for each of the categories of dwellings shown below:-

Valuation Bands

A	B	C	D	E	F	G	H
£1,189.89	£1,388.20	£1,586.52	£1,784.83	£2,181.46	£2,578.09	£2,974.72	£3,569.66

Calculation of the Proposed Council Tax for 2022/23

	£000
Revised 2021/22 Budget before Reserves Usage	173,614
New MTFS Items	13,012
Approved Savings	(1,100)
Approved Growth	7,319
Transfer to Earmarked Reserves	<u>(10,949)</u>
Total Adjustments	8,281
Base Budget Requirement for 2022/23	181,895
Funded By:	
Retained Business Rates Income	(80,235)
Company Returns	(12,490)
Specific Grants	(15,320)
Investment Income	(1,500)
Collection Fund Deficit	
Total Funding	(109,545)
Council Tax Requirement	<u>72,350</u>
Council Tax Base (Equivalent Band D Properties)	52,079.16
Council Tax:	
London Borough of Barking and Dagenham	1389.24
Greater London Authority	<u>395.59</u>
Overall Council Tax - Band D equivalent	<u>1784.83</u>

This page is intentionally left blank

2022-23 CAPITAL PROGRAMME

Code	Project	21/22	22/23	22/23	22/23
		Carry-Forward	Initial Budget	Total Budget	Funding Source
	General Fund				
	Adults Care & Support				
FC00106	Disabled Facilities Grant	581,951	1,022,368	1,604,319	Grant
	Total for Adults Care & Support	581,951	1,022,368	1,604,319	
	Core				
FC03052	KTLO	962,737	-	962,737	Borrowing
FC03059	Customer Services Channel Shift	-79,741	-	-79,741	Borrowing
FC03068	ICT End User Computing	4,000	258,008	262,008	Borrowing
	Total for Core	886,996	258,008	1,145,004	
	CIL (external)				
FC05027	Kingsley Hall	20,000	-	20,000	CIL/S106
FC05028	Box Up Crime	257,908	-	257,908	CIL/S106
FC05029	East End Women's Museum	180,175	-	180,175	CIL/S106
FC05030	Green Community	-3,100	-	-3,100	CIL/S106
FC05031	Becontree Centenary - Create London	27,169	-	27,169	CIL/S106
FC05062	Litter in Parks (CIL)	96,000	-	96,000	CIL/S106
FC05063	BRL Thames Clipper (CIL)	300,000	-	300,000	CIL/S106
	Total for CIL	878,152	-	878,152	
	Culture, Heritage & Recreation				
FC03032	Parsloes Park Activation	2,820,570	1,152,812	3,973,382	Grant
FC03090	Lakes	99,164	150,000	249,164	Borrowing
FC04017	Fixed play facilities	67,503	-	67,503	Borrowing
FC04018	Park Buildings – Response to 2014 Building	-	34,530	34,530	Borrowing
FC04033	Redressing Valence	182,202	-	182,202	Borrowing
FC04043	The Abbey: Unlocking Barking's past...	87,839	160,953	151,218	Borrowing
				97,574	CIL/S106
FC04080	Children's Play Spcs & Fac (CIL)	159,188	55,000	214,188	CIL/S106
FC04081	Parks & Open Spcs Strat 17	-40,000	95,031	55,031	Borrowing
FC04084	Central Park Masterplan Implementation	970,991	-	970,991	Borrowing
FC04085	Play Facility at Valence Park'	5,000	-	5,000	Borrowing
FC05060	Safer Parks (CIL)	-13,000	42,000	29,000	CIL/S106
FC05061	B&D Local Football Facility (CIL)	-	156,604	156,604	CIL/S106
FC05089	De-contamination adjacent to ECB	835,206	1,000,000	1,835,206	Revenue
	Total for Culture, Heritage & Recreation	5,174,662	2,846,930	8,021,592	
	Enforcement				
FC02982	Consolidation & Expansion of CPZ	-30,000	2,235,166	2,205,166	Self-Finance
FC04015	Enforcement Equipment	163,388	-	163,388	Borrowing
	Total for Enforcement	133,388	2,235,166	2,368,554	
	Transport for London schemes				
FC02898	Local Transport Plans	23,171	-	23,171	Grant
FC04094	Becontree Heath Low Emission	294,819	-	294,819	Grant
FC05056	Valence Avenue 'Healthy Streets' Corridor	-10,833	-	-10,833	Grant
FC05057	Eastbury Manor House Access	-26,933	-	-26,933	Grant
FC05058	Minor Works (Various Locations)	-5,000	-	-5,000	Grant
FC05079	Cycle Future Route 10	20,854	-	20,854	Grant
FC05080	Low Traffic Neighbourhood	424,046	-	424,046	Grant

FC05083	Bus Priority	172,509	-	172,509	Grant
	Total for TfL	892,632	-	892,632	
	My Place				
FC02811	Ward Capital Spend	460,774	340,000	800,774	Borrowing
FC03064	Street Lighting Prog 2015-2019	-221,275	-	-221,275	Borrowing
FC03065	HIP 2016-17 Footways & Carriageways	-234,411	3,485,000	3,250,589	Borrowing
FC04064	Bridges and Structures	669,860	300,000	969,860	Borrowing
FC03011	Struct Rep's & Maintce-Bridges	25,565	-	25,565	Borrowing
FC05018	Stock Condition Survey	168,842	1,000,000	1,168,842	Borrowing
FC05055	Road Safety Improvements Programme	43,130	-	43,130	Borrowing
FC04063	Flood Risk and Drainage Grant	101,592	-	101,592	Revenue
FC04029	Engineering Works (Road Safety)	-41,852	-	-41,852	Borrowing
FC04019	Replacement of Winter Maintenance	-2,622	-	-2,622	Borrowing
FC05048	Procuring in cab tech for waste vehicles....	90,000	65,000	155,000	Borrowing
FC05077	Community Hubs and Dispersed Working	268,351	-	268,351	Borrowing
	Total for My Place	1,327,954	5,190,000	6,517,954	
	Public Realm				
FC04012	Bins Rationalisation	12,180	-	12,180	Borrowing
FC04070	Vehicle Fleet Replacement	-41,825	857,621	815,796	Self-Finance
FC03083	Chadwell Heath Cemetery Extension	148,978	-	148,978	Borrowing
FC04028	Hand Arm Vibration	-7,787	-	-7,787	Borrowing
FC04016	On-vehicle Bin Weighing System for.....	15,900	-	15,900	Borrowing
	Total for Public Realm	127,446	857,621	985,067	
	Education Youth & Childcare				
FC04059	Chadwell Heath	-	100,000	100,000	Grant
FC05033	SCA PRIORITY WORKS 20/22	3	-	3	Grant
FC05034	Schools Expansion Programme 20/22	-	446,472	446,472	Grant
FC05069	SCA 20-21	-700,000	927,572	227,572	Grant
FC05098	SCA 21-22	4,975,469	-	4,975,469	Grant
FC05099	SEND 21-22	850,000	1,159,813	2,009,813	Grant
	Primary	-	-	-	Grant
FC03053	Gascoigne Primary 5forms to 4 forms	60,317	-	60,317	Grant
FC04058	Marks Gate Infants & Juniors 2018-20	-	1,045,865	1,045,865	Grant
FC05078	Greatfields Primary	400,000	10,088,531	10,488,531	Grant
	Secondary	-	-	-	Grant
FC03020	Dagenham Park	57,207	-	57,207	Grant
FC03022	New Gascoigne (Greatfields) Secondary School	2,126,336	7,120,133	9,246,469	Grant
	Funds to be allocated	12,117,930	-	12,117,930	Grant
	Total for Education Youth & Childcare	19,887,262	20,888,386	40,775,648	
	Other				
FC03099	Abbey Green & Barking Town Centre Conservation Area Townscape HLF Project	847,473	200,000	1,047,473	Borrowing
FC04051	Street Property Acquisition 2017-19	50,000	-	50,000	Borrowing
FC05038	82A AND 82B OVAL ROAD SOUTH	325,000	-	325,000	Borrowing
	TBD	117,000	-	117,000	Revenue
	TBD	95,000	-	95,000	Revenue
	Total for Other	1,434,473	200,000	1,634,473	
	Transformation			1,989,722	
	General Fund Total	21,324,916	33,498,479	66,813,117	

HRA					
Stock Investment (My Place)					
FC00100	Aids and Adaptations	900,000	1,000,000	1,900,000	HRA/MRR
FC02933	Voids	-	1,500,000	1,500,000	HRA/MRR
FC03039	Estate Roads & Environ 18/19	3,210	-	3,210	HRA/MRR
FC03045	External Fabric – Blocks	39,005	-	39,005	HRA/MRR
FC04002	Lift Replacement Programme	-	2,000,000	2,000,000	HRA/MRR
FC04003	Domestic Heating Replacement	-	1,000,000	1,000,000	HRA/MRR
FC04004	Box-Bathroom Refurbs (Apprenticeships)	102,000	-	102,000	HRA/MRR
FC04006	Minor Works & Replacements	-	750,000	750,000	HRA/MRR
FC05002	Externals 1 - Houses & Blocks	1,953,078	7,000,000	8,953,078	HRA/MRR
FC05003	Externals 2 - Houses & Blocks	-291,000	3,000,000	2,709,000	HRA/MRR
FC05004	Door Entry Systems	403,048	250,000	653,048	HRA/MRR
FC05005	Compliance	557,944	500,000	1,057,944	HRA/MRR
FC05006	Fire Safety Improvement Works	550,000	500,000	1,050,000	HRA/MRR
FC05007	Fire Doors	1,500,499	500,000	2,000,499	HRA/MRR
FC05008	De-Gassing of Blocks	20,000	-	20,000	HRA/MRR
FC05009	Lateral Mains	350,000	2,000,000	2,350,000	HRA/MRR
FC05013	Estate Roads Resurfacing	29,000	1,000,000	1,029,000	HRA/MRR
FC05014	Energy Efficiency inc Green Street	2,900,000	5,000,000	7,900,000	HRA/MRR
FC05015	Other Works	-337,000	1,000,000	663,000	HRA/MRR
FC05000	DH Internal	1,506,819	1,500,000	3,006,819	HRA/MRR
FC05068	Adaptations and Extensions	130,000	-	130,000	HRA/MRR
	Total for Stock Investment (My Place)	10,316,603	28,500,000	38,816,603	
FC02820	Estate Renewal	-3,275,215		-3,275,215	HRA/MRR
	Total for Estate Renewal	-3,275,215	-	-3,275,215	
	New Build Schemes				
FC02931	Leys New Build Dev (HRA)	10,097	-	10,097	HRA/MRR
FC03071	Mellish and Sugden	2,085,133	-	2,085,133	HRA/MRR
FC02988	Bungalows (Stansgate, Mrgt Bon)	-10,097	-	-10,097	HRA/MRR
FC03009	Leys Estate Ph 2	16,750	-	16,750	HRA/MRR
	Total for HRA New Builds	2,101,883	-	2,101,883	
	Total for HRA	9,143,271	28,500,000	37,643,271	
	Investment & Acquisitions				
	Residential Developments				
FC04067	12 Thames Road	-2,078,880	34,767,357	32,688,477	Borrowing
FC04065	200 Becontree	-378,779	378,779	-	Borrowing
FC03089	Becontree Heath New Build	-786,542	786,542	-	Borrowing
FC03072	Sacred Heart	-94,416	94,416	-	Borrowing
FC04069	Crown House	-1,692,098	4,389,194	2,697,096	Borrowing
FC04062	GEP2 C1	-17,071,836	17,504,399	432,563	Borrowing
FC04062.	GEP2 E	-11,993,639	32,367,799	20,374,160	Borrowing
FC04062..	GEP2 F	-12,140,480	55,395,856	43,255,376	Borrowing
FC05026	Gascoigne East Phase 3	5,069,926	13,010,672	18,080,597	Borrowing
FC04099	Gascoigne West P1 Development (Phase 1)	-3,614,948	9,957,762	6,342,814	Borrowing
FC05025	Gascoigne West Phase 2	-270,068	73,708,904	73,438,836	Borrowing
FC03086	A House for Artists	-379,355	379,355	-	Borrowing
FC04068	Oxlow Road	-2,561,970	10,146,866	7,584,896	Borrowing
FC05035	Padnall Lake	14,421,305	-9,801,805	4,619,500	Borrowing

FC04066	Roxwell Road	5,225,308	4,267,127	9,492,435	Borrowing
FC03080	Royal British Legion	3,404,694	-3,404,694	-	Borrowing
FC03084	Sebastian Court - Redevelop	1,305,344	-1,305,344	-	Borrowing
FC05103	Town Quay Wharf	-264,128	9,728,719	9,464,591	Borrowing
FC05065	Chequers Lane	-746,006	1,309,308	563,302	Borrowing
FC05066	Beam Park	-44,030,460	65,154,644	21,124,184	Borrowing
FC05073	Gascoigne East 3B	-991,255	20,494,026	19,502,771	Borrowing
FC04103	Barking Restore PLC	-575	575	-	Borrowing
FC05093	Padnall Lake Phase 2	-3,973,298	15,232,949	11,259,651	Borrowing
FC05094	Padnall Lake Phase 3	-705,362	1,041,293	335,931	Borrowing
FC05100	Barking Riverside Health	-53,478	3,871,879	3,818,401	Borrowing
FC05020	Woodward Road	2,360,488	7,732,727	10,093,215	Borrowing
FC05071	Brocklebank Lodge	1,909,020	1,201,043	3,110,063	Borrowing
FC05076	Gascoigne East Phase 2 (E1)	-4,885,205	26,505,916	21,620,711	Borrowing
FC05041	Transport House	-880,391	24,925,041	24,044,650	Borrowing
FC05090	Gascoigne East 3A - Block I	-13,983,736	42,616,583	28,632,847	Borrowing
TBC	Beam Park Phase 4 / 7 - Scheme	-17,710,617	17,865,440	154,823	Borrowing
TBC	Jervis Court - Scheme	-2,763,335	15,820,095	13,056,760	Borrowing
FC05082	Trocoll House	345,921	649,199	995,120	Borrowing
	Total for Residential	-110,008,852	496,792,622	386,783,769	Borrowing
	Temporary Accommodation				Borrowing
FC04077	Weighbridge	511,586	-511,586	-	Borrowing
FC04078	Wivenhoe Containers	-78,222	78,222	-	Borrowing
FC05021	Grays Court	-186,996	186,996	-	Borrowing
FC04101	Margaret Bondfield	4,455,000	-	4,455,000	Borrowing
	Total for Temporary Accommodation	4,701,368	-246,368	4,455,000	Borrowing
	Commercial Investments				Borrowing
FC04091	Welbeck Wharf	-362,235	364,735	2,500	Borrowing
FC05024	Film Studios	-3,738,659	3,738,659	-	Borrowing
FC05023	3 Gallions Close	-455	455	-	Borrowing
FC05049	Innovative Sites Programme	129,181	-129,181	-	Borrowing
FC04086	Travelodge Isle of Dogs	253,000	-253,000	-	Borrowing
FC05074	Barking Business Centre	-48,692	48,692	-	Borrowing
FC05070	23 Thames Road	-128,386	128,386	-	Borrowing
FC05042	26 Thames Rd	-1,309,852	1,407,245	97,393	Borrowing
FC05067	Dagenham Heathway- Shopping Centre	-31,202	31,202	-	Borrowing
FC04103	Barking Restore PLC	-575	575	-	Borrowing
FC05072	Industria	18,706,731	8,122,980	26,829,711	Borrowing
	Total for Commercial	13,468,856	13,460,748	26,929,604	
	Total for Investment Strategy	-91,838,628	510,007,002	418,168,373	
	Capital and Investment Programme Total	-51,370,441	572,005,481	522,624,762	

Overview of Funding Model 2021/22 vs 2022/23

A	B	C	D	E	F	G	H
	2020/21 Pupil Units	2021/22 Local Rates	2021/22 Totals Funding	2022/23 NFF Rates with ACA	2022/23 Pupil Units	2022/23 Rates	2022/23 Total Funding
Primary (Years R-6)	24,796	3,820	94,721,904	3,642	24,494	3,840	94,056,864
Key Stage 3 (Years 7-9)	9,375	5,025	47,110,640	5,135	9,507	5,100	48,490,058
Key Stage 4 (Years 10-11)	5,625	5,654	31,803,749	5,788	5,892	5,754	33,900,786
Primary:							
FSM	5,272	520	2,741,210	532	6,190	532	3,293,793
FSM6	6,246	650	4,060,044	668	6,762	668	4,516,843
IDACI Band F	4,586	243	1,114,504	249	4,471	249	1,113,591
IDACI Band E	9,101	294	2,675,569	306	8,974	306	2,743,052
IDACI Band D	3,785	463	1,752,661	476	3,745	476	1,781,001
IDACI Band C	2,825	503	1,421,178	521	2,751	521	1,432,566
IDACI Band B	383	537	205,438	555	388	555	215,441
IDACI Band A	5	701	3,512	725	7	725	5,072
			-				-
Secondary:							
FSM	3,425	520	1,780,863	532	4,135	532	2,200,296
FSM6	5,394	949	5,118,683	979	5,368	979	5,256,981
IDACI Band F	2,809	350	983,105	362	2,856	362	1,034,612
IDACI Band E	5,232	469	2,453,979	481	5,445	481	2,619,828
IDACI Band D	2,341	655	1,533,284	674	2,397	674	1,614,871
IDACI Band C	1,682	712	1,197,407	736	1,702	736	1,252,338
IDACI Band B	307	768	236,144	793	309	793	245,096
IDACI Band A	4	977	3,890	1,008	6	1,008	6,046
			-				-
LAC March 19			-				-
EAL 3 Primary	7,160	621	4,446,298	640	6,724	640	4,301,383
EAL 3 Secondary	791	1,678	1,326,627	1,732	807	1,732	1,398,128
Mobility-P	297	1,117	332,256	1,047	574	1,047	601,349
Mobility-S	16	1,596	25,572	1,506	98	1,506	147,154
			-				-
Primary low prior attainment	7,187	1,237	8,889,997	1,279	6,929	1,279	8,864,905
Secondary low prior attainment	3,384	1,876	6,348,297	1,936	3,543	1,936	6,859,609
Lump sum		133,096	7,453,376	137,331			7,690,536
Split Sites		160k&200k	1,360,000			£160&£200k	1,400,000
Rates			4,736,789				4,319,432
PFI funding			3,261,647				3,365,042
			-				-
Minimum Funding Guarantee			1,931,257				2,584,109
Total Cost of Formula			241,029,880				247,310,782
Growth Funding			2,596,081				1,870,457
Falling Rolls / Support from DSG Reserves			656,000				(215,857)
Total Cost - Formula and Growth Funding			244,281,961				248,965,382
Total budget available			244,281,961				248,965,382
Minimum Funding Guarantee			2.0%				2.0%
Capping & Scaling			No				No

This page is intentionally left blank

FORECAST RESERVE BALANCES	Opening Balance 2021-22 (1 Apr 2021)	Transfer to Reserves	Drawdown From Reserves	Forecast Closing Balance 2021-22 (31 Mar 2022)
General Fund Balances	(17,030,171)			(£17,030,171)

Earmarked Reserve Balances

Butler Court	(89,323)			(£89,323)
Skills and Learning Reserve Balance	(2,048,329)		£1,033,000	(£1,015,329)
Total Departmental Reserve	(2,137,652)	0	1,033,000	(1,104,652)
Capital Investment Reserve	(3,779,051)			(£3,779,051)
Total Capital Investment Reserve	(3,779,051)	0	0	(3,779,051)
Entities	(1,780,995)			(£1,780,995)
Total Entities Reserve	(1,780,995)	0	0	(1,780,995)
PFI Reserve	(6,345,965)			(£6,345,965)
Jo Richardson and Eastbury PFI	(7,698,827)			(£7,698,827)
Total PFI Reserves	(14,044,792)	0	0	(14,044,792)
Other Miscellaneous	(4,945,847)			(£4,945,847)
Grants - Department for Education	(38,700)			(£38,700)
Parking Reserve	(927,081)	(£3,000,000)	£927,081	(£3,000,000)
Trewern Outdoor Centre Reserve	(483,047)			(£483,047)
YOS - Health and Justice (From CCG)	(115,766)			(£115,766)
Leaving Care Service (NEET Funding - re CMF Grant)	(140,074)			(£140,074)
Total Other Miscellaneous Reserves	(6,650,515)	(3,000,000)	927,081	(8,723,434)
Service Grant Carry Forwards	(5,041,898)		£1,090,903	(£3,950,995)
ELHP	0			£0
Investment Reserve	(16,497,682)	(£122,052)		(£16,619,734)
Public Health Reserve	(2,454,795)		£328,740	(£2,126,055)
Corporate Restructuring - Redundancies Reserve	(735,000)			(£735,000)
Insurance Fund - Liability Reserve	(3,362,518)			(£3,362,518)
Budget Support Reserve	(11,433,163)	(£9,062,000)	£10,634,000	(£9,861,163)
VAT Market Repayment	(223,406)			(£223,406)
Legal Trading Reserve (LBBD Share)	(318,040)			(£318,040)
Collection Fund Equalisation Reserve	(12,309,879)			(£12,309,879)
Elections Reserve	(371,755)			(£371,755)
Film Studio Developer Contribution Reserve	(1,000,000)			(£1,000,000)
Social Housing Decarbonisation Fund (BEIS)	(100,797)			(£100,797)
BD Giving Endowment Fund	(300,288)			(£300,288)
LEP Housing Rental Reserves	(2,641,598)			(£2,641,598)
Education, Youth & Childcare Reserve	(4,825,965)			(£4,825,965)
IT Reserve	(1,212,000)			(£1,212,000)
Net Earmarked Reserves Balance	(91,221,789)	(12,184,052)	14,013,724	(89,392,117)

This page is intentionally left blank

New Homes Bonus Calculator

Barking and Dagenham

[Return to homepage](#)

Current housing stock (Oct 21): 77,168
 Net change in stock (Oct 21)^{1,2}: 521
 Affordable housing supply (20/21)³: 590
 Stock of empty homes (Oct 21): 222

APPENDIX I

Year of Delivery

Year of Payment

Cumulative Payments	2011 / 12	2012 / 13	2013 / 14	2014 / 15	2015 / 16	2016 / 17	2017 / 18	2018 / 19	2019 / 20	2020 / 21	2021 / 22	2022 / 23
Payments for Year 1	£719,290	£719,290	£719,290	£719,290	£719,290	£719,290						
Payments for Year 2		£749,594	£749,594	£749,594	£749,594	£749,594						
Payments for Year 3			£996,051	£996,051	£996,051	£996,051	£996,051					
Payments for Year 4				£596,541	£596,541	£596,541	£596,541					
Payments for Year 5					£703,055	£703,055	£703,055	£703,055				
Payments for Year 6						£2,172,770	£2,172,770	£2,172,770	£2,172,770			
Payments for Year 7							£396,708	£396,708	£396,708	£396,708		
Payments for Year 8								£437,256	£437,256	£437,256	£437,256	
Payments for Year 9									£498,946	£498,946	£498,946	£498,946
Payments for Year 10										£520,059		
Payments for Year 11											£606,588	
Payments for Year 12												£573,664
2022/23: Total Payments												£1,072,610

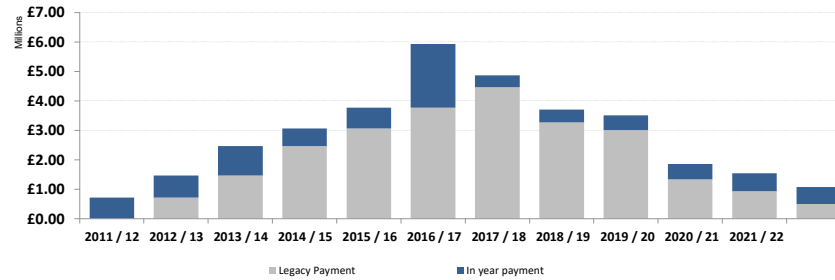
Total Payments (2022/23)

Year 9 **£498,946**

Year 12 **£573,664**

Total Payment: £1,072,610

Total New Homes Bonus Payments



Notes:
 1. Net additional dwellings are calculated by subtracting effective stock (total stock less long-term empty homes, and demolitions) as recorded on the CTB in one year from the previous year. See 'Calculating the New Homes Bonus' in the first page of this spreadsheet.
 2. Data taken from the Council Tax Base form: <https://www.gov.uk/government/statistics/council-taxbase-2021-in-england>
 3. Data taken from Live Table 1008C - <https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply>

This page is intentionally left blank

ASSEMBLY**2 March 2022**

Title: Treasury Management Strategy Statement 2022/23	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	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	
Accountable Strategic Director: Claire Symonds, Acting Chief Executive	
Summary	
<p>This report deals with the Treasury Management Annual Strategy Statement (TMSS), Treasury and Prudential Indicators, Annual Investment Strategy (AIS) and borrowing limits, in compliance with Section 15(1)(a) of the Local Government Act 2003.</p> <p>The production and approval each year of a TMSS and AIS are requirements of the Council under Section 15(1) of the Local Government Act 2003. It is also a requirement of the Act to set an authorised borrowing limit for the forthcoming financial year.</p> <p>The Local Government Act 2003 also requires the Council to have regard to the Prudential Code, and to set prudential indicators which consider the Council's capital investment plans for the next three years.</p> <p>Revisions to the Prudential Code were made in 2017. The main change was the inclusion of the Capital Strategy 2022/23. The Capital Strategy is largely driven by the Council's Investment and Acquisition Strategy, which will be revised in April 2022 and will be based on the Be First Business Plan, which is due to come to Cabinet in April 2022. Changes to the Prudential Code and Treasury Management were published in December 2021. There are a number of key changes, including reporting changes, and these will be fully implemented for the 2023/24 TMSS.</p> <p>This report was considered and endorsed by the Cabinet at its meeting on 21 February 2022.</p>	
Recommendation(s)	
<p>The Assembly is recommended to adopt the Treasury Management Strategy Statement for 2022/23 and, in doing so, to:</p> <p>(i) Note the current treasury position for 2022/23 in section 4 and prospects for interest rates, as referred to in section 8 of the report;</p>	

- (ii) Approve the Annual Investment Strategy 2022/23 outlining the investments that the Council may use for the prudent management of its investment balances, as set out in Appendix 1 to the report;
- (iii) Approve the Council's Borrowing Strategy 2022/23 to 2024/25, as set out in Appendix 2 to the report;
- (iv) Note that the Capital Strategy 2022/23, incorporating the Investment and Acquisitions Strategy, shall be updated and presented for approval in April 2021;
- (v) Approve the Capital Prudential and Treasury Indicators 2021/22 – 2024/25, as set out in Appendix 3 to the report;
- (vi) Approve the Operational Boundary Limit of £1.60bn and the Authorised Borrowing Limit of £1.70bn for 2022/23, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as referred to in Appendix 3 to the report;
- (vii) Approve the Minimum Revenue Provision Policy Statement for 2022/23; the Council's policy on repayment of debt, as set out in Appendix 4 to the report;
- (viii) Note that changes made to the Prudential Code and Treasury Management code, published in December 2021, will be fully implemented for the 2023/24 TMSS; and
- (ix) Delegate authority to the Finance Director, in consultation with the Cabinet Member for Finance, Performance and Core Services, to proportionally amend the counterparty lending limits agreed within the Treasury Management Strategy Statement to consider the increase in short-term cash held from borrowing.

Reason(s)

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

1. Introduction and Background

- 1.1 The Council is required to operate a balanced budget, with cash raised during the year sufficient to meet the Council's cash expenditure. Treasury management supports the Council by seeking to ensure its cash flow is adequately planned, with cash being available when it is needed. Surplus cash is invested in counterparties or instruments commensurate with the Council's risk appetite, providing adequate security and liquidity while also considering the investment return.
- 1.2 A second function of treasury management is funding the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses.
- 1.3 The Council is responsible for its treasury decisions, activity and risk appetite. The successful identification, monitoring and control of risk are integral elements of treasury management, including credit and counterparty risk, liquidity risk, market

risk, interest risk, refinancing risk and legal and regulatory risk. The Council is statutorily required to approve the Treasury Management Strategy Statement (TMSS) prior to the new financial year.

2. Treasury Management Reporting Requirements

- 2.1 The Council is required to receive and approve at least three main treasury reports each year. These reports are required to be adequately scrutinised by Cabinet before being recommended to the Council. The three main treasury reports are:
- i. **The TMSS** is the most important report and considers the impact of the Council's proposed Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators (PIs) and the outlook for interest rates. In addition, the current market conditions are factored into any decision-making process.
 - ii. **A Mid-Year Treasury Management Report** to update Members on the progress of the capital position, amending PIs and investment strategy as necessary.
 - iii. **An Annual Treasury Report** which outlines the actual PIs, treasury indicators and treasury operations compared to the estimates within the strategy.
- 2.2 As the Council is responsible for housing, PIs relating to capital expenditure, financing costs and the Capital Financing Requirement (CFR) are split between the Housing Revenue Account (HRA) and the General Fund (GF). The impact of new capital investment decisions on housing rents will also need to be considered.
- 2.3 This report provides an explanation of the key elements of the Council's TMSS, its Minimum Revenue Provision (MRP) Strategy, the Annual Investment Strategy (AIS) for 2022/23 and the Borrowing Strategy, which are set out in detail in the appendices attached to this report

3. Treasury Management Strategy Statement for 2022/23

- 3.1 The strategy for 2022/23 covers two main areas, including Treasury Management and Capital Strategy Reporting issues. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Ministry of Housing, Communities and Local Government's (MHCLG) MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

3.2 Treasury Management Issues

- Current Portfolio Position at 31 December 2021 (section 4);
- Medium Term Capital Finance Budget (section 5);
- Treasury Position at 31 December 2021; forward projections 2024/25 (section 6);
- Economic Update (section 7);
- Interest rate forecast (section 8);
- Investment and Borrowing Rates (section 9);
- The Capital Expenditure Plans 2021 to 2024/25 (section 10);
- Treasury Management Advisors (section 11);
- Minimum Revenue Provision Policy Statement (section 12);
- Appendix 1 – Annual Investment Strategy 2022/23;
- Appendix 2 - Borrowing Strategy 2022/23 to 2025/26;
- Appendix 3 – The Capital Prudential and Treasury Indicators 2022/23 – 2025/26;

- Appendix 4 – Minimum Revenue Provision Policy Statement 2022/23; and
- Appendix 5 – Scheme of Delegation and Section 151 Officer Responsibilities

3.3 Capital Strategy Reporting Requirements

- 3.3.1 The CIPFA revised 2017 Prudential and Treasury Management Codes require all local authorities to prepare an additional report, a Capital Strategy Report (CSR), which will provide a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services; an overview of how the associated risk is managed; and the implications for future financial sustainability.
- 3.3.2 The aim of this CSR is to ensure that Members fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- 3.3.3 The Council already has an IAS, which forms the basis of the CSR. In addition to the IAS, the Capital Strategy includes a Borrowing Strategy (appendix 2) and an MRP Policy (appendix 4), that include additional details on the borrowing and debt repayment. These documents provide details of the Capital Strategy and includes:
- The corporate governance arrangements for these types of activities;
 - Any service objectives relating to the investments;
 - The expected income, costs and resulting contribution;
 - The debt related to the activity and the associated interest costs;
 - The payback period (MRP policy);
 - For non-loan type investments, the cost against the current market value;
 - The risks associated with each activity.
- 3.3.4 Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs, investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.
- 3.3.5 Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.
- 3.3.6 If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.
- 3.3.7 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.
- 3.3.8 On 20 December 2021, updates to the Prudential Code and Treasury Code were published and is effective from the publish date, and includes borrowing for yield, which is now no longer allowed. The implementation of the changes can be within the 20223/24 TMSS and this is the approach that this Council will follow.
- 3.3.9 Overall the impact of the changes will require addition reporting but the impact on the Council will be limited as the Council does not invest for yield, with any

commercial purchases part of regeneration within the borough. Advice is being obtained on the income strip deals the Council holds, although the changes are not retrospective.

4. Current Portfolio Position at 31 December 2021

4.1 The Council holds cash balances from its operational activities, which are offset by expenditure to run services. The timing of these cash flows can result in surplus cash which is then invested. Cash balances are also affected by working capital.

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

- Capital grants and Section 106 funds received in advance of expenditure;
- General Fund, HRA and School cash balances;
- Earmarked Reserves, provisions, Capital Receipts and Working Capital;
- Borrowing (Financial Institutions and PWLB)

4.3 Table 1 shows the Council's investments, loans and borrowing at 31 December 2020 and 31 December 2021, including Average Life and Average Rate of Return.

Table 1: Treasury Position at 31 December 2020 and 31 December 2021

	Principal	Return	Average	Principal	Return	Average
	£000s	%	Life (yr)	£000s	%	Life (yr)
General Fund Fixed Rate Long Term Borrowing						
PWLB	512,490	2.06	25.83	635,780	1.92	29.27
European Invest. Bank	79,363	2.21	23.3	76,820	2.21	22.26
DEXIA BANK LOBO	10,000	3.98	56.5	10,000	3.98	55.53
L1 RENEWABLES	6,803	3.44	25.76	6,782	3.44	24.76
Total GF Debt	608,656	2.13	26	729,382	1.99	28.85
General Fund Fixed Rate Short Term Borrowing						
Local Authority ST	92,000	0.20	0.11	55,000	0.03	0.13
Total GF Debt	700,656	1.87	22.6	784,382	1.85	26.83
HRA Fixed Rate Borrowing						
PWLB	265,912	3.50	35.1	265,912	3.50	34.05
Market Loans	30,000	4.03	44.96	30,000	4.03	43.99
Total HRA Debt	295,912	3.55	36.06	295,912	3.55	35.06
Total Borrowing	996,568	2.37	26.6	1,080,294	2.32	29.09
MMF / Cash	76,490	0.10	-	74,200	0.24	28.85
Local Authority Deposit	163,250	1.65	1.07	95,250	1.64	0.76
Bank Deposit	15,500	1.52	0.89	55,500	0.81	0.80
Loans	132,379	4.20	Various	167,289	3.57	Various
Total Investments	387,619	2.21	Various	392,239	2.08	Various

4.4 The debt is split between HRA and GF borrowing to match the two pool approach the Council has adopted for borrowing. The Council invests all cash in one investment pool, with interest distributed between the HRA, schools and GF. The elevated short-term cash position is due to £100m borrowed towards the end of December 2021, which will reduce as short-term borrowing is repaid.

5. Medium Term Capital Finance Budget

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

5.2 The significant increase in GF Interest Payable is due to the borrowing required to fund the Council's IAS. The medium-term capital financing budget to 2024/25 is shown in table 2. The investment strategy income is a fixed amount currently, but this potentially will change as schemes become operational. MRP excludes the IAS and PFI schemes, with MRP being replaced by debt repayment of loans to Reside or from the lease cashflows. In future reports this will be included as a separate line in the table below. Interest costs are expected to net off as borrowing increases but interest income from the IAS nets it off. The figures below do not include capitalised interest.

Table 2: Medium Term Capital and Treasury Budget

£'000s	2021/22	2022/23	2023/24	2024/25
	Budget	Budget	Budget	Budget
MRP	8,658	9,058	9,458	9,858
Net Interest Budget	7,090	6,890	6,690	6,490
Investment Income	-6,587	-6,587	-6,587	-6,587
Net GF Cost	9,161	9,361	9,561	9,761
HRA Interest Payable	10,059	10,059	10,059	10,059
Total Cost	19,220	19,420	19,620	19,820

* Additional MRP for operational residential schemes will offset against and increase in investment income

6. Treasury Position Forward Projections to 2024/25

6.1 The Council's treasury forward projections are summarised in table 3. The table shows the estimated external debt against the underlying CFR, highlighting any over or under borrowing. The CFR and gross debt includes a significant increase in borrowing to fund the IAS. To ensure borrowing is only for a capital purpose Gross Debt should, except in the short term, be below the CFR over the period.

Table 3: Treasury Position at 31 December 2019, with Forward Projections

Gross Debt Movement 2022/23 to 2024/25	2022/23	2023/24	2024/25
	Estimate	Estimate	Estimate
External Debt	£000s	£000s	£000s
Debt at 1 April	1,063,850	1,313,850	1,613,850
Expected Change in Debt	250,000	300,000	200,000
Finance Lease and PFI	200,365	270,365	266,906
Gross Debt at 31 March	1,514,215	1,884,215	2,080,756
CFR	1,722,650	1,972,571	2,087,833
Under / (Over) Borrowing	-138,434	-91,815	-10,845

7. Economic Update (from Link Asset Management)

7.1.1 United Kingdom

COVID-19 vaccines. These were the game changer during 2021 which raised hopes that the UK would be able to return to normal in the second half of the year. However, the Omicron mutation at the end of November dashed such hopes and raises the spectre again that a fourth wave of the virus could overwhelm hospitals in early 2022. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time is focusing on getting as many people as possible to have a booster vaccination as a booster has been shown to restore a high percentage of immunity to Omicron. There is a race on between how quickly boosters can be given to limit the spread, and how quickly will hospitals fill up and be unable to cope. In the meantime, workers have been requested to work from home and restrictions have been placed on large indoor gatherings and hospitality venues. With some household saving rate having been high since the first lockdown, there is pent-up demand and purchasing power for services in sectors like restaurants, travel, tourism and hotels which had been hit hard during 2021, but could now be hit hard again by either, or both, of government restrictions and/or consumer reluctance to leave home. Growth will also be lower due to people being ill and not working. The economy faces headwinds although some sectors have learned how to cope well with Covid, with the biggest impact on growth from another lockdown. The big question remains as to whether any further mutations could render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

7.1.2 **US.** Shortages of goods and intermediate goods have fuelled increases in prices and reducing economic growth potential. In November, **CPI inflation hit a near 40-year record level of 6.8%** but with energy prices then falling, this may be the peak. The biggest problem for the Fed is the mounting evidence of a strong pick-up in cyclical price pressures e.g., in rent which has hit a decade's high. Inflation hitting 6.8% and the feed through into second round effects, meant that it was near certain that the **Fed's meeting of 15th December** would take aggressive action against inflation. Accordingly, the rate of tapering of monthly \$120bn QE purchases announced at its November 3rd meeting. was doubled so that all purchases would now finish in February 2022. In addition, Fed officials had started discussions on running down the stock of QE held by the Fed. Fed officials also expected three

rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024, taking rates back above 2% to a neutral level for monetary policy. The first increase could come as soon as March 2022.

Shortages of labour have also been driving up wage rates sharply; this also poses a considerable threat to feeding back into producer prices and then into consumer prices inflation. It now also appears that there has been a sustained drop in the labour force which suggests the pandemic has had a longer-term scarring effect in reducing potential GDP. Economic growth may therefore be reduced to between 2 and 3% in 2022 and 2023 while core inflation is likely to remain elevated at around 3% in both years instead of declining back to the Fed's 2% central target.

7.1.3 **EU.** The slow roll out of vaccines initially delayed **economic recovery** in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery was then within 0.5% of its pre Covid size. However, the arrival of Omicron is now a major headwind to growth in quarter 4 and the expected downturn into weak growth could well turn negative, with the outlook for the first two months of 2022 expected to continue to be very weak.

November's inflation figures breakdown shows that the increase in price pressures is not just due to high energy costs and global demand-supply imbalances for durable goods as services inflation also rose. Headline inflation reached 4.9% in November, with over half of that due to energy. However, oil and gas prices are expected to fall after the winter and so energy inflation is expected to plummet in 2022. Core goods inflation rose to 2.4% in November, its second highest ever level, and is likely to remain high for some time as it will take a long time for the inflationary impact of global imbalances in the demand and supply of durable goods to disappear. Price pressures also increased in the services sector, but wage growth remains subdued and there are no signs of a trend of faster wage growth which might lead to *persistently* higher services inflation - which would get the ECB concerned. The upshot is that the euro-zone is set for a prolonged period of inflation being above the ECB's target of 2% and it is likely to average 3% in 2022.

ECB tapering. The ECB has joined with the Fed by also announcing at its meeting on 16th December that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases for over half of next year. However, as inflation will fall back sharply during 2022, it is likely that it will leave its central rate below zero, (currently -0.50%), over the next two years. The main struggle that the ECB has had in recent years is that inflation has been doggedly anaemic in sticking below the ECB's target rate despite all its major programmes of monetary easing by cutting rates into negative territory and providing QE support.

The ECB will now also need to consider the impact of **Omicron** on the economy, and it stated at its December meeting that it is prepared to provide further QE support if the pandemic causes bond yield spreads of peripheral countries, (compared to the yields of northern EU countries), to rise. However, that is the only reason it will support peripheral yields, so this support is limited in its scope.

The EU has entered into a **period of political uncertainty** where a new German government formed of a coalition of three parties with Olaf Scholz replacing Angela Merkel as Chancellor in December 2021, will need to find its feet both within the EU and in the three parties successfully working together. In France there is a presidential election coming up in April 2022 followed by the legislative election in June. In addition, Italy needs to elect a new president in January with Prime Minister Draghi being a favourite due to having suitable gravitas for this post. However, if he switched office, there is a significant risk that the current government coalition could collapse. That could then cause differentials between Italian and German bonds to widen when 2022 will also see a gradual running down of ECB support for the bonds of weaker countries within the EU. These political uncertainties could have repercussions on economies and on Brexit issues.

7.1.4 **CHINA.** After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of **2020**; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021.

However, the pace of economic growth has now fallen back in **2021** after this initial surge of recovery from the pandemic and looks likely to be particularly weak in 2022. China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns, which depress economic growth. Chinese consumers wary about leaving home and spending money on services. However, with Omicron having now spread to China, and being much more easily transmissible, this strategy of sharp local lockdowns to stop the virus may not prove so successful in future. In addition, the current pace of providing boosters at 100 billion per month will leave much of the 1.4 billion population exposed to Omicron, and any further mutations, for a considerable time. The **People's Bank of China** made a start in December 2021 on cutting its key interest rate marginally to stimulate economic growth. However, after credit has already expanded by around 25% in just the last two years, it will leave the heavy lifting in supporting growth to fiscal stimulus by central government.

7.1.5 **JAPAN.** 2021 has been a patchy year in combating Covid. However, recent business surveys indicate that the economy has been rebounding rapidly in 2021 once the bulk of the population had been double vaccinated and new virus cases had plunged. However, Omicron could reverse this initial success in combating Covid. The Bank of Japan continues its **loose monetary policy** but with little prospect of getting inflation above 1% towards its 2% target, indeed inflation was negative in July. New Prime Minister Kishida, having won the November general election, brought in a supplementary budget to boost growth, but it is unlikely to have a major effect.

7.1.6 **WORLD GROWTH.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum in the second half of the year, though overall growth for the year is expected to be about 6% and to be around 4-5% in 2022. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. While

headline inflation will fall sharply, core inflation will probably not fall as quickly as central bankers would hope. It is likely that we are heading into a period where there will be a **reversal of world globalisation** and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

7.1.7 **SUPPLY SHORTAGES.** The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

8. Interest rate forecast

8.1 The overall balance of risks to economic growth in the UK is now to the **downside**.

8.2 Downside risks to current forecasts for UK gilt yields & PWLB rates include:

- **Mutations of the virus** render current vaccines ineffective, resulting in further national lockdowns or severe regional restrictions.
- **Labour/supply shortages** depress economy activity.
- **BoE acts too quickly, or too far**, to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation.
- **A resurgence of the Eurozone sovereign debt crisis.**
- **Weak capitalisation of some European banks**, which could be undermined further depending on the extent of credit losses resulting from the pandemic.
- **German general election.** Germany now has a new three-party coalition.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile and, therein, impact markets.
- Geopolitical risks, e.g. in Ukraine, Russia, Iran, China, and North Korea, but also in Middle Eastern countries, which could lead to increasing safe-haven flows.

8.3 Upside risks to current forecasts for UK gilt yields and PWLB rates include:

- **The BeE** is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- Long term US treasury yields rise strongly, with gilt yields higher than forecast.

9. Investment and borrowing rates

9.1 **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

The general situation is for volatility in bond yields to endure as investor fears and confidence ebb and flow between favouring relatively more “risky” assets i.e., equities, or the safe haven of government bonds. The overall longer-run trend is for gilt yields and PWLB rates to rise.

On 25 November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme. The current margins over gilt yields are as follows:

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

There is likely to be exceptional volatility and unpredictability in respect of gilt yields and PWLB rates due to the following factors: -

- How close changes in gilt yields correlate to changes in US treasury yields?
- Will the Fed counter increasing treasury yields if they rise beyond a certain level?
- Would the MPC act to counter increasing gilt yields if they rise beyond a certain level?
- How strong will inflationary pressures turn out to be in both the US and the UK and so impact treasury and gilt yields?
- How will central banks implement their new average or sustainable level inflation monetary policies?
- How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the “taper tantrums” in the US in 2013?
- Will high volatility be focused on the short or long-end of the yield curve, or both?

LINKS’s forecast is predicated on an assumption that there is no break-up of the Eurozone or EU within LINK’s forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and Russia / China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

9.2 Borrowing: the interest rate forecast is provided in table 4 below:

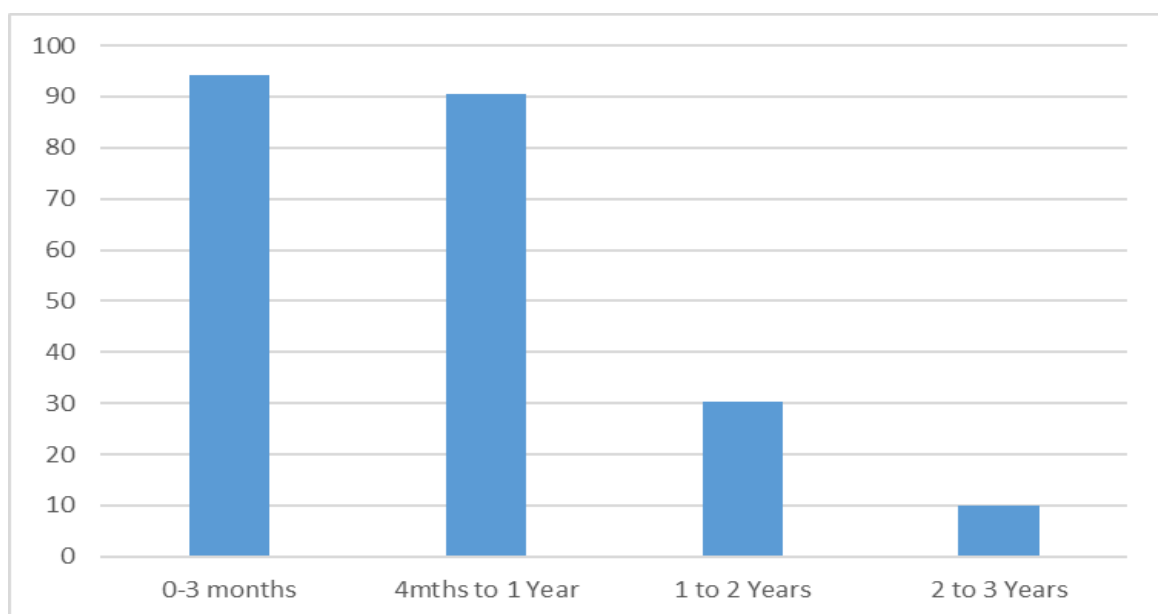
Table 4: Interest Rate Forecast for the BOE Base Rate and PWLB

Link Group Interest Rate View 20.12.21														
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

9.3 Treasury Investment Returns

Investment returns are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations. Due to the very low reinvestment rates for the majority of 2021/22, cash was used to fund capital spend, although £100m of long-term borrowing was taken in December 2021, following a drop in the Gilt rate.

Overall, the Council’s cash holding will likely reduce to an average of approximately £130m over the next couple of years, with treasury investments being replaced with loans and long leases to Reside. The maturity profile of the Council’s current treasury investments is provided below:



9.4 Return Target 2022/23 to 2024/25

9.4.1 To achieve the interest target, the following average returns need to be achieved:

2022/23	1.30 on an average cash balance of £130m (£1.7m)
2023/24	1.30 on an average cash balance of £130m (£1.7m)
2024/25	1.40 on an average cash balance of £130m (£1.8m)

9.4.2 The return reflects the current investment positions (i.e. most of the return has already been secured) but if opportunities are available to secure competitive rates then further investments will be made.

9.5 HRA Investments

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

9.5.2 Where there is agreement by the S151 Officer, individual investments can be ring-fenced for the HRA, with the allocations made within the Council's overall treasury strategy requirements. For further details please refer to the HRA Business Plan.

10. The Capital Expenditure Plans 2022/23 – 2024/25

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

10.2 Table 5 below shows the proposed CFR to 2024/25. The Prudential Code requires Councils to ensure that capital expenditure remains within sustainable limits and to consider the impact on Council Tax and, for the HRA, housing rent levels.

Table 5: Proposed Capital Expenditure 2021/22 to 2024/25

Capital Expenditure	2021/22	2022/23	2023/24	2024/25
	Estimate	Estimate	Estimate	Estimate
	£000s	£000s	£000s	£000s
Capital Financing Requirement				
Opening CFR - General Fund	744,379	1,022,738	1,407,915	1,657,837
Net financing need for the year	337,512	405,887	265,922	132,262
MRP & Financing	-59,153	-20,710	-16,000	-17,000
Total General Fund CFR	1,022,738	1,407,915	1,657,837	1,773,098
CFR - Housing	314,734	314,734	314,734	314,734
Net financing need for the year	-	-	-	-
Total HRA CFR	314,734	314,734	314,734	314,734
Total CFR	1,337,472	1,722,649	1,972,571	2,087,832
Movement in CFR	278,359	385,177	249,922	115,262

- 10.3 A portion of the net financing need has already been borrowed to fund properties held by Reside. The increased financing need reflects IAS borrowing requirement.
- 10.4 Headroom has been included within the Authorised Limit on external borrowing to ensure that any major capital investment projects resulting from the IAS are not restricted by this statutory limit. The limit also covers any short-term borrowing for cash flow purposes and long-term borrowing for capital projects, finance leases, PFI and any unforeseen incidences where expected capital receipts are not forthcoming due to unexpected economic factors.

11. Treasury Management Advisors

- 11.1 The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 11.2 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review..

12. Minimum Revenue Provision Policy Statement

- 12.1 In accordance with Statutory Instrument 2008 number 414 and new guidance issued by the Government under section 21 (1A) of the Local Government Act 2003 a statement on the Council's policy for its annual Minimum Revenue Provision (MRP) needs to be approved before the start of the financial year.
- 12.2 The Council are asked to approve the Minimum Revenue Provision Statement set out in Appendix 4.

13. Financial Implications

Implications completed by: Philip Gregory, Finance Director

- 13.1 The financial implications are discussed in detail in this report.

14. Legal Implications

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

- 14.1 It is a statutory requirement under the Local Government Finance Act 1992 for the Council to set out what the Council has to base its budget calculations upon. Furthermore, it is a legal requirement for the Council to set a balanced budget with regard to the advice of its Chief Finance Officer. However, what is meant by 'balanced' is not defined in law and this has means that the Council must rely upon the professional judgement of its finance team to ensure that the local authority's budget is robust and sustainable.

- 14.2 The Local Government Act 2003 requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Council must '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.
- 14.3 Part 1 of the Local Government Act 2003 (the "Act") requires ELWA as a joint local authority body to each year set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

15. Other Implications

- 15.1 **Risk Management:** This report has risk management issues for the Council, primarily that a counterparty could cease trading or risk that interest rates would rise adversely. The mitigation of these is contained in this report.
- 15.2 **Corporate Policy and Equality Impact** - The TMSS seeks to support the Council's investment aims to unlock regeneration and economic growth opportunities within the borough. There are no equality or diversity implications arising from this report.

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

List of appendices:

- Appendix 1 – Annual Investment Strategy 2022/23
- Appendix 2 - Borrowing Strategy 2022/23 to 2025/26
- Appendix 3 – The Capital Prudential and Treasury Indicators 2022/23 to 2025/26
- Appendix 4 – Minimum Revenue Provision Policy Statement 2022/23
- Appendix 5 – Scheme of Delegation and Section 151 Officer Responsibilities

This page is intentionally left blank

Annual Investment Strategy 2022/23

1. Investment Policy

1.1 The Council's investment policy has regard to the following:

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities are security first, liquidity second and then yield/return. CIPFA and the Department for Levelling Up, Housing & Communities (DLUHC) have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Investment and Acquisition Strategy (IAS) - a separate report.

The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on potential counterparties.

1.2 This authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists under the categories of 'specified' and 'non-specified' investments.

- Specified investments have a high level of credit quality and subject to a maturity limit of one year.
- Non-specified investments have a less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration before being authorised for use.

- 1.3 Over the coming years the Council will significantly increase its investments in property as part of its IAS. Financial risks, including the loss of capital, the loss of forecast income and the revenue effect of changing interest rates will be significant. The successful identification, monitoring and control of investment risk are therefore central to the Council's Treasury strategy.
- 1.4 Borrowing risks also forms a key part of the TMSS, where a holistic approach to borrowing is outlined, taking into account opportunities from low interest rates, cash flow needs and a range of borrowing options available. The strategy also outlines the need to avoid more complex forms, especially where derivatives are involved or where there is significant backloading of capital repayment
- 1.5 In accordance with the DLUHC Guidance, the Council will be asked to approve a revised TMSS should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large, unexpected change in interest rates or in the Council's capital programme.

1.6 Accounting Changes

International Financial Reporting Standard (IFRS) 9 requires authorities to hold financial instruments at fair value, with gains and losses charged to revenue as they arise. For certain categories of investments, authorities will need to recognise these gains and losses in their revenue accounts. As a result, the changes in the value of these investments will impact the authority's General Fund. Currently the Council has very limited exposure to these investments.

Similarly, the standard introduces a forward-looking 'expected loss' model for the impairment of financial assets. This approach is likely to result in an increase in the impairment allowance and will require authorities to recognise impairment losses earlier. The DLUHC enacted a statutory over-ride from 1 April 2018 for a five-year period until 31 March 2023 following the introduction of IFRS 9 over the requirement for any unrealised capital gains or losses on marketable pooled funds to be chargeable in year. This has the effect of allowing any unrealised capital gains or losses arising from qualifying investments to be held on the balance sheet until 31 March 2023: this will enable councils to initiate an orderly withdrawal of funds if required.

IFRS 16, a new lease accounting standard has been further delayed and is being adopted for 2022/23. This will result in more lease liabilities on the balance sheet (previously classed as operating leases), and in turn an impact on some of the prudential indicators such as CFR, Authorised Limit and Operational Boundary.

- 1.7 This authority has engaged with its external advisors, Link Asset Management (LAS), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

2. Annual Investment Strategy

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

- i. The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- ii. The principles to be used to determine the maximum duration for investments.
- iii. Specified investments that the Council will use. These are high security and high liquidity investments in sterling and with a maturity of no more than a year.
- iv. Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall number of various categories that can be held at any time.
- v. An additional consideration is the variable cash position the Council will have because of Council's investment strategy. The investment strategy will mean that the Council will be making significant borrowing and investment decisions, and these may result in period where the Council has a significant allocation to a counterparty or duration.

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

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

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

3. Creditworthiness policy

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

Yellow	5 years
Dark pink	5 years for Ultra-Short Dated Bond Funds, credit score of 1.25
Light pink	5 years for Ultra-Short Dated Bond Funds, credit score of 1.5

Purple	2 years
Orange/Red	1 year
Green	100 days
No colour	not to be used

- 3.2 The Council uses a one year limit for red colour ratings, which differs from the model used by LAS, which sets a limit of 6 months. This difference reflects a different risk appetite to the standard limits recommended by LAS.
- 3.3 Typically, the minimum credit ratings criteria the Council use will be a Short-Term rating (Fitch or equivalents) of **F1** and a Long-Term rating of **A-**. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 3.4 The Council is alerted to changes to ratings of all three agencies through its use of our creditworthiness service. If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- 3.5 In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 3.6 Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information, information on sovereign support for banks and the credit ratings of that supporting government.

4. Investment Advisers and Monitoring of Investment Counterparties

- 4.1 The Council uses LAS for treasury advice but is ultimately responsible for all treasury management decisions and will ensure that undue reliance is not placed on the external advisors. The Council recognises that there is value in receiving advice from external treasury advisors to acquire access to specialist skills and resources and will ensure that the terms of their appointment and the methods by which their value will be assessed are documented and regularly reviewed.

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

5. Use of External Cash Manager(s)

- 5.1 The Council does not use an external cash manager (ECM), with all investments and borrowing managed in-house. Were the Council to use an ECM in the future there would be a requirement for the ECM to comply with the AIS. Any agreement between the Council and the ECM will stipulate guidelines, durations and other limits to contain and control risk. An extensive background in cash management will be a prerequisite,

alongside Financial Conduct Authority accreditation. The requirement to tender includes both for lending to a third party to invest and appointing an ECM.

6. Use of additional information other than credit ratings

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

7. Credit Quality Criteria and Allowable Financial Instruments

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

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

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

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

Non Specified Investment Category (maturity greater than one year)	
a.	<p>Supranational Bonds</p> <p>(a) Multilateral development bank bonds These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the UK Government The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt-edged securities. However, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>

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

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

Specified Investments and Non-Specified Investments Limits and Criteria for 2022/23

Counterparty / Financial Instrument	Minimum Credit Rating Criteria / Colour Band	Specified Investments		Non-Specified Investments	
		Maximum Duration	Counterparty Limit £m	Maximum Duration	Counterparty Limit £m
Council's Bank (currently Lloyds Banking Group) – Deposit Account. <i>Cash balances held with Lloyds over £50m will be as a result of delays between taking long term borrowing and maturity of short-term borrowing positions. Limits will be agreed by the S151 officer.</i>	A	T+1	£100m	N/A	N/A
Lloyds Banking Group SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds	A	Up to 1 year	£50m	1 to 3 years	£50m
Other UK Banks & Building Societies SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bond	Yellow Purple Orange/Red Green No Colour	N/A N/A Up to 1 year Up to 3 mths Not for use	£50m per counterparty	1 to 5 years 1 to 2 years N/A N/A N/A	£30m per counterparty
Bond Funds - Corporate Bonds	Short-term F2, Long Term A	Up to 1 year	£20m	1 to 2 years	£20m
Local Authorities: Term Deposits	Not credit rated	Up to 1 year	£40m per authority	1 to 4 years	£40m per authority
UK Government - Treasury Bills, Gilts DMADF	UK Sovereign Rating	Up to 1 year	£50m	1 to 5 years	£20m
Money Market Funds CNAV	AAA	T+1	£30m per Manager	N/A	N/A
Money Market Funds LVNAV	AAA	T+1	£30m per Manager	N/A	N/A
Money Market Funds VNAV	AAA	T+1	£30m per Manager	N/A	N/A
Property Funds	N/A	N/A		N/A	£50m

7.4 Non-Treasury Investments

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

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

8. Investing with Local Authorities

All loans made to other Local Authorities are based on the Local Government Act (LGA) 2003 s13, which outlines that the credit risk attached to English, Welsh and Scottish local authorities is an acceptable one. LGA 2003 s13 Security for money borrowed is provided below:

- 1) Except as provided by subsection (3), a local authority may not mortgage or charge any of its property as security for money which it has borrowed or which it otherwise owes.
- 2) Security given in breach of subsection (1) shall be unenforceable.
- 3) All money borrowed by a local authority (whether before or after the coming into force of this section), together with any interest on the money borrowed, shall be charged indifferently on all the revenues of the authority.
- 4) All securities created by a local authority shall rank equally without any priority.
- 5) The High Court may appoint a receiver on application by a person entitled to principal or interest due in respect of any borrowing by a local authority if the amount due remains unpaid for a period of two months after demand in writing.
- 6) The High Court may appoint a receiver under subsection (5) on such terms, and confer on him such powers, as it thinks fit.
- 7) The High Court may confer on a receiver appointed under subsection (5) any powers which the local authority has in relation to:
 - (a) collecting, receiving or recovering the revenues of the LA,
 - (b) issuing levies or precepts, or
 - (c) setting, collecting or recovering council tax.

- (8) No application under subsection (5) may be made unless the sum due in respect of the borrowing concerned amounts to not less than £10,000.
- (9) The Secretary of State may by order substitute a different sum for the one for the time being specified in subsection (8).

9. Use of Multilateral Development Banks

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

10. Use of Brokers

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

11. Country limits and Use of Foreign Banks

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

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

Approved countries for investments (Credit Rating at 31 December 2020)

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

AAA	AAA	AA+	AA	AA-
Australia	Norway	Canada	Abu Dhabi, UAE	Belgium
Denmark	Singapore	Finland	France	Hong Kong
Germany	Sweden	United States		Qatar
Luxembourg	Switzerland			U.K.
Netherlands				

12. Provisions for Credit-related losses

- 12.1 If any of the Council's investments appeared at risk of loss due to default, (i.e. a credit-related loss and not one resulting from a fall in price due to movements in interest rates) the Council will make revenue provision of an appropriate amount. Where there is a loss of the principal amount borrowed due to the collapse of the institution, the Council will seek legal and investment advice.
- 12.2 Where the Council holds a non-financial investment, such as property, it will have a physical asset that can be realised to recoup the capital invested. The Council will consider whether the asset retains sufficient value to provide security of investment using the fair value model in IAS 40: Investment Property. Where the fair value of non-financial investments is sufficient to provide security against loss, a fair value assessment will be made stating that a valuation has been made within the past twelve months, and that the underlying assets provide security for capital investment.
- 12.3 Where the fair value of non-financial investments is no longer sufficient to provide security against loss, the AIS will provide detail of the mitigating actions that the Council is taking or proposes to take to protect the capital invested.
- 12.4 Where the Council must impair a non-financial asset held for investment purposes as part of the year end accounts preparation and audit process, an updated AIS should be presented to full council detailing the impact of the impairment on the security of investments and any revenue consequences arising therefrom.
- 12.5 This above approach is reasonable and a prudent approach to investing should help to negate this impact. However, a significant market correction, more complicated investment structures (including via equity rather than debt) and a default on any of the Council's loans would leave the Council exposed to an impairment on assets. The impact of the impairment will have a greater impact as the council increases its investment portfolio and third-party loans.

13. End of year investment report

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

14. Policy on Use of Derivatives

- 14.1 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 14.2 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be

taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

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

15. Investment Training

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

16. Investment of Money Borrowed in Advance of Need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism. Although there are risks involved, securing low rates (rates below forecast) for long term borrowing is a key part of reducing the risk for the Council's IAS.

This page is intentionally left blank

Borrowing Strategy 2022/23 to 2024/25

1. Background

- 1.1 Historically the Council has either been debt free or has had a very low-level of debt. This changed significantly in 2012 when, as part of the HRA reform, £265.9m of debt was transferred to the Council's HRA.
- 1.2 In January 2015, £89m was borrowed for the Council's General Fund (GF) from the European Investment Bank (EIB) to fund the regeneration of Abbey Road 2 and Gascoigne East (Weavers). Both schemes are now operational, bringing in sufficient income to cover the management and maintenance, lifecycle, capital, and interest costs, as well as generating income for the Council.
- 1.3 In November 2016, Cabinet approved the establishment of an Investment and Acquisition Strategy (IAS). The purpose of the IAS is to support the Borough's growth opportunities and to ensure that the Council, and future generations, benefit by increasing the Council's ownership of long-term income producing assets. The IAS is reviewed annually by Cabinet, with the next review to be taken to the March 2022 Cabinet. The IAS has an income target of delivering £6.6m per year from 2020/21. The IAS will be delivered primarily by the Council's development vehicle, Be First, and through its property companies, Reside.
- 1.4 The Council will ensure that all its investments are covered in the IAS and will set out, where relevant, its risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management. The Council will set out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure.
- 1.5 Capitalisation of Development Interest
 - 1.5.1 The Council's IAS will increase the Council's interest payment 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.
 - 1.5.2 During the construction stage there is a cost of carry as there is no income from the scheme. 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. Capitalisation of interest starts 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. Interest will be capitalised quarterly and is based on the weighted average borrowing costs. Cessation of capitalisation will occur when the scheme is operational.
 - 1.5.3 As part of the Treasury outturn report, an outturn figure for the amount of interest that was capitalised for the year, will be provided to Members.

2. The Council's Borrowing Strategy

2.1 The decision to borrow is a treasury management decision and is taken by the Investment Fund Manager (IFM), after agreement by the S151 Officer under delegated powers of the Council's constitution. The key objective of the Council's borrowing strategy is to secure long term funding for capital projects and IAS at borrowing rates that are as low as possible.

2.2 Currently the Council has a holistic approach to borrowing, taking into account cashflow, borrowing costs and investment and loan returns to drive the net cost of borrowing down, while keeping the borrowing transparent and simple. This holistic approach has resulted in very low net borrowing costs, with the 2021/22 net interest budget of £7.1m supporting £784.4m of GF long term borrowing. This equates to a net cost (interest payments less interest income) of 0.91% for an average duration of approximately 26.8 years.

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

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

2.4 The IFM will monitor interest rates and will recommend borrowing decisions when rates are low, while taking into account the Council's debt repayment profile and cashflow requirements. The Council's borrowing strategy will give consideration to the following when deciding to take-up new loans:

- Use internal cash balances;
- Short-term borrowing from other Local Authorities;
- Using PWLB, the EIB or financial Institutions;
- Ensure new borrowings are drawn at suitable rates and periods;
- Consider the impact of grant and sales on long term borrowing; and
- Consider the issue of stocks and bonds if appropriate.

2.5 In 2021/22 to 2023/24 a significant amount of borrowing is required, with the main borrowing required to fund the IAS. The borrowing requirements include schemes that have been agreed and are in various stages of development and also pipeline schemes that have not been agreed but are included in the Be First Business Plan. A summary of the borrowing requirement for the IAS to 2024/25 and then the total forecast borrowing forecast for the Council is below:

IAS (net costs)	2021/22	2022/23	2023/24	2024/25
	£ms	£ms	£ms	£ms
Residential	381.7	386.8	373.2	182.8
Temp. Accommodation	0.7	4.5	-	-
Commercial	15.8	26.9	-	-
Total Net IAS Borrowing Requirement	398.2	418.2	373.2	182.8
Total GF Borrowing For IAS	904.2	1,322.4	1,695.6	1,878.3

2.6 An increase from a debt rate of approximately £904.2m by 2021/22 to nearly £1.9bn potentially by £2024/25 is a significant increase in borrowing. With borrowing rates starting to increase and with significant increases in build costs, the pipeline schemes will potentially struggle to meet viability thresholds. This level of borrowing will also have an impact on managing the increase in cash held resulting from the borrowing.

3. Council's Current Debt

3.1 The Council currently (at 31/12/2021) has £1,080.3m of debt at an average rate of 2.32% and average duration of 29.09 years. This is broken down as follows:

	Principal £000s	Return %	Average Life (yrs.)
General Fund Fixed Rate Long Term Borrowing			
PWLB	635,780	1.92	29.27
European Investment Bank	76,820	2.21	22.26
DEXIA BANK LOBO	10,000	3.98	55.53
L1 RENEWABLES	6,782	3.44	24.76
Total General Fund Debt	729,382	1.99	28.85
General Fund Fixed Rate Short Term Borrowing			
Local Authority Short Term	55,000	0.03	0.13
Total GF Debt	784,382	1.85	26.83
HRA Fixed Rate Borrowing			
PWLB	265,912	3.50	34.05
Market Loans	30,000	4.03	43.99
Total HRA Debt	295,912	3.55	35.06
Total Council Borrowing	1,080,294	2.32	29.09

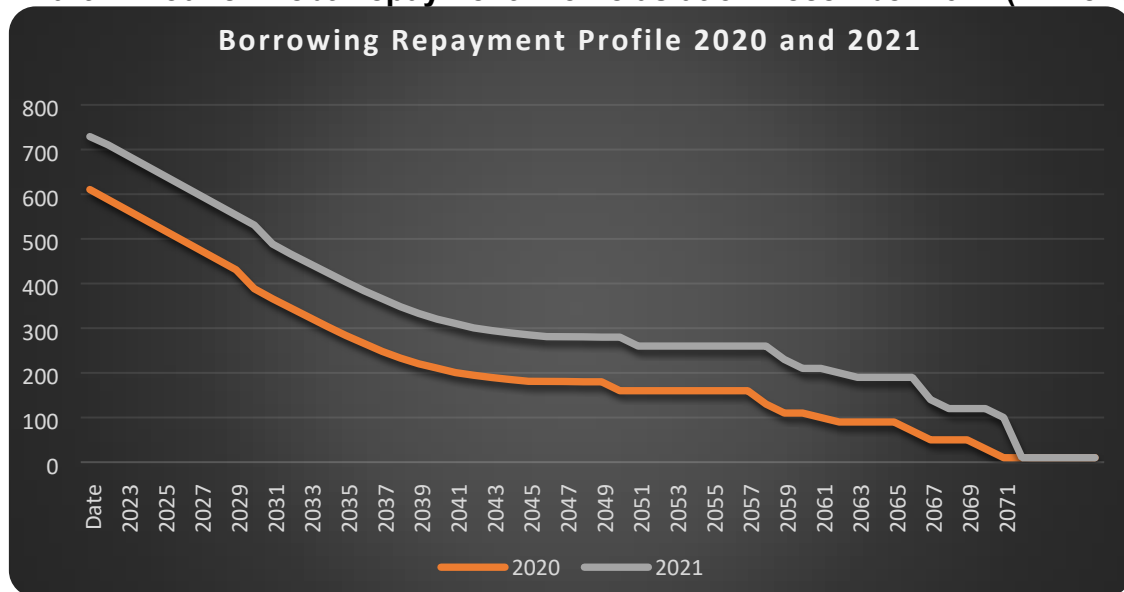
3.2 General Fund Debt

The GF debt can be split into short and long-term borrowing. Short-term borrowing is used to manage the Council's daily cash requirements and allows treasury to make strategic, longer term borrowing decisions while keeping the cost of carry low. Annual long-term borrowing amounts are summarised below. Repayments are from annuity and equal instalment repayments:

Year	Amount	Reason for Borrowing
Pre-2015	30.0	Capital Expenditure
2015	89.0	Abbey Road 2 and Gascoigne East Regen (Weavers)
2016	60.0	Film Studio Land
2017	120.0	Borrowing for Street Purchases and IAS
2018	150.0	IAS
2019	140.0	IAS
2020	60.0	IAS
2021	140.0	IAS
Various	- 59.6	Borrowing Repaid
Total	729.4	

Although the borrowing is long-term, a part of the Council's debt is repaid each year through either an annuity repayment or equal instalment repayment. As a result, the Council's debt repayment profile is relatively smooth, as outlined in the chart below. Future borrowing will be mapped against this repayment profile and the forecast cashflows to help refinancing risk but also allow for a steady reduction in the Council's debt exposure. The chart below also shows the increased borrowing taken by the Council in 2021/22 and the impact it has had on the repayment curve, showing there is a steeper repayment

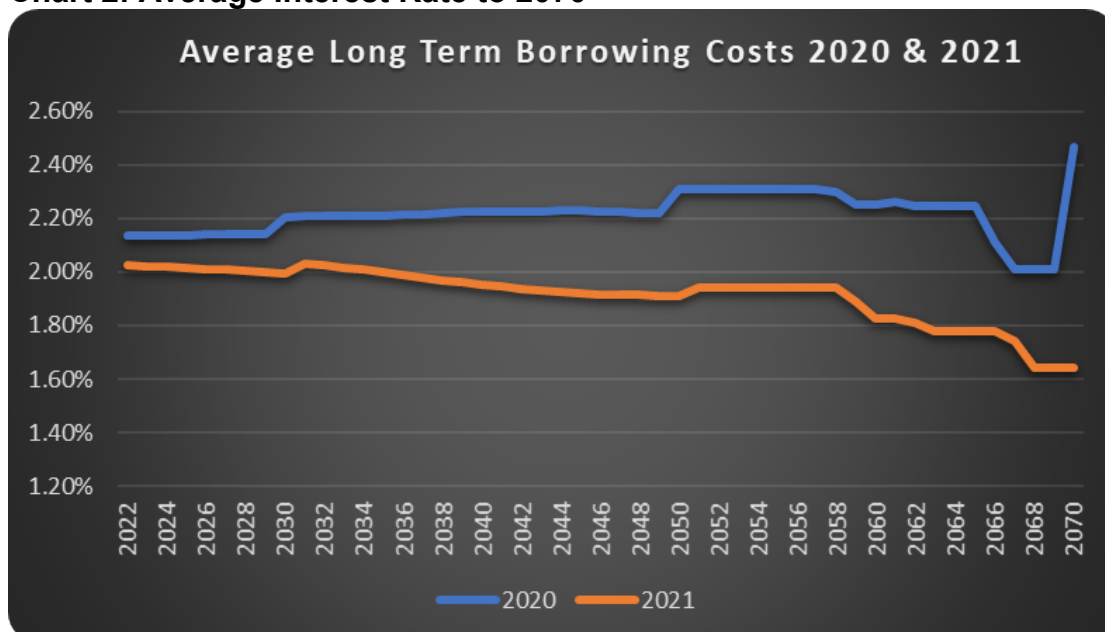
Chart 1: Council Debt Repayment Profile as at 31 December 2021 (millions)



3.3 General Fund Interest Costs

Currently the average long-term interest rate on GF borrowing is 1.99% for £729.4m borrowed. This rate now drops steadily to 1.64% in 2070 but on a reduced balance, as borrowing is repaid. The average rate for the duration is 1.92%. The average interest rate to 2070 is provided in chart 2 below:

Chart 2: Average Interest Rate to 2070



This balance include in the chart excludes short-term borrowing, which reduces the average rate for one year to 1.85% for £784.4m borrowed. The interest rate forecast is for rates to stay low for the next few years and there is a target to reduce the long-term average borrowing to below 1.7% (the previous target was to reduce it to under 2.0%).

3.3 Borrowing from Financial Institutions

The treasury section will generally borrow from the PWLB when rates are low. However, where cheaper or more appropriate borrowing is available from other financial institutions then this is used as an additional source of financing. With the PWLB margin back to 0.8% above Gilts, this provides an excellent source of finance to support the Council regeneration strategy.

Currently the following loans have been borrowed from financial institutions:

- i. European Investment Bank (EIB) Borrowing: In 2014/15 Cabinet agreed to borrow £89m from the European Investment Bank (EIB) as outlined below:
 - £66m from the EIB to finance the Gascoigne Estate (East) Phase 1;
 - £23m from the EIB to finance Abbey Road Phase 2.

The drawdown of the full £89m was completed on 30 January 2015 at a rate of 2.207% and currently the balance owed is £79.4m. The EIB loan does contain financial covenants that restrict to the Council's overall investment strategy. Discussions have been held with the EIB to increase the financial covenants of the EIB loan. These discussions have resulted in a significant increase in the covenant limits, as outlined below but also resulted in the interest rate from the EIB increasing by 1 basis point to 2.217% and a fee of £27,597.86 was payable:

- i. the Total Debt shall not exceed 150% of Operating Revenues;
- ii. Financing Costs shall not exceed 10% of Operating Revenues;
- iii. Liquid Assets should be at least 1.2 times Short-term debt; and
- iv. Debt Service shall not exceed 10% (ten percent) of Operating Revenue.

- ii. Green Investment Bank (GIB) Borrowing (now L1 Renewables)

At its meeting on 2 December 2015 the Council agreed to borrow £7.5m from the GIB to finance the Low Energy Street Light Replacement Programme via the UK GIB Green Loan. On 15 December 2016, a loan of £7.0m was borrowed from the GIB at a rate of 3.44% for a duration of 30 years. The borrowing drawdown period will be over a two-and-a-half-year period and will match the forecast expenditure. The repayment of the loan has been structured to best match the cashflows expected to be generated from the energy savings.

3.4 HRA Self Financing

The Council uses a two loans pool approach for long-term debt. The £265.9m of PWLB is from the HRA reform in 2012, with an additional £30m of borrowing transferred to the HRA in 2016 and 2020 to finance HRA new builds. The HRA previously had a debt cap of £291.60 but this was removed in 2018. A breakdown of the HRA borrowing is provided in table 5 below:

Loan Type	Loan Amount	Maturity profile	Interest Rate
	£'000s	Yrs.	%
PWLB	50,000	24	3.51
PWLB	50,000	34	3.52
PWLB	50,000	42	3.49
PWLB	50,000	43	3.48
PWLB	65,912	44	3.48
Barclays	10,000	60	3.98
Phoenix Life	20,000	40	4.05
Total	295,912		

4. Repayment of Borrowing

As short term borrowing rates are usually cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, any savings will need to be based on the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy; and
- enhance the balance of the portfolio (amend the maturity profile).

Internal borrowing can also be reduced by generating capital receipts, which will replenish cash balances and in accounting terms be used for financing historic spend rather than for new capital projects.

5. Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

The Capital Prudential and Treasury Indicators 2022/23 – 2024/25

The Local Government Act 2003 requires a Council to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the Council's capital investment plans are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. It is also essential that, within the Council, there is an understanding of the risks involved and there is sufficient risk management undertaken for each investment undertaken.

The Prudential Code was revised in 2017 with the main changes being the inclusion of the Capital Strategy requirements and the removal of some indicators. To demonstrate the Council has met these objectives, the Prudential Code sets out a number of indicators that are monitored each year. These indicators are outlined in this report.

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the Prudential Indicators, which are designed to assist members overview and confirm capital expenditure plans. Capital expenditure is a summary of the Council's capital expenditure plans, both agreed previously and those forming part of this budget cycle. The capital expenditure forecasts are included in the first part of Table 1.

1. The Council's borrowing requirement (CFR)

- 1.1 The Council's Capital Financing Requirement (CFR) is the historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which has not immediately been paid for, will increase the CFR.
- 1.2 The CFR does not increase indefinitely, as the MRP, a statutory annual revenue charge, reduces the borrowing need in line with each asset's life. The CFR also includes other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. Table 1 sets out the CFR until 2024/25 and are cumulative.
- 1.3 The IAS schemes are self-financing and are partly funded by grant and sales, with the rest of the borrowing funded by rental income expected to pay for the borrowing costs and provide an income stream to the Council. MRP for IAS properties is charged after a two-year stabilisation period and then for 50 years based on an annuity repayment schedule for residential properties and 40 years for Temporary Accommodation. The stabilisation period is to allow for schemes to be fully let and/or sold before dept repayment is made.
- 1.4 Members are asked to be aware that in-year movements to the IAS budgets will occur as development costs are confirmed, investment opportunities are identified and, in some cases, schemes are not agreed. Budgets included in

2021/22 and onwards are best estimates and may change as financing and expenditure are confirmed. Members are asked to approve the capital expenditure forecasts and the CFR projections included in table 1.

Table 1: Capital Expenditure Forecast and Council's CFR 2020/21 – 2024/25

Capital Expenditure	2021/22	2022/23	2023/24	2024/25
	Estimate	Estimate	Estimate	Estimate
	£000s	£000s	£000s	£000s
General Fund				
Adults Care & Support	1,000	1,604	-	-
Community Solutions	74	-	-	-
Core	1,231	1,145	-	-
CIL	623	878	-	-
Culture, Heritage & Recreation	3,718	8,022	250	0
Enforcement	591	2,369	0	-
Inclusive Growth	10,236	0	0	0
Transport for London	554	893	-	-
My Place	7,028	6,518	5,190	0
Public Realm	1,530	732	-	-
Education, Youth and Childcare	25,297	39,687	24,263	0
Other	331	1,634	0	0
Transformation	6,094	1,990	-	-
Total General Fund Capital Expenditure	58,307	65,472	29,703	0
Investment and Acquisition Strategy*				
IAS Post Gateway 2	398,209	418,168	373,174	182,798
Total Investment Strategy Expenditure	398,209	418,168	373,174	182,798
HRA				
Stock Investment (My Place)	19,738	43,892	23,000	23,000
Estate Renewal (Be First)	8,400	8,800	0	0
New Build Schemes (Be First)	843	2,088	0	0
HRA Total	28,981	54,780	23,000	23,000
Financed by:				
HRA/MRR	-28,981	-54,780	-23,000	-23,000
CIL/S106	-254	-1,376	-100	0
Revenue	-665	-2,149	0	0
Capital Receipts (Transformation)	-6,094	-1,990		
Self-Financing	-1,968	-2,768		
Other Grant	-37,087	-46,157	-24,263	0
IAS Grants (RtB, GLA) and sales	-69,927	-93,313	-109,133	-46,768
Total Financing	-144,976	-202,533	-156,496	-69,768
Financed by Borrowing	340,521	335,887	269,381	136,030
PFI Additions (Travelodge) & Repayments	- 3,009	70,000	- 3,459	- 3,768
Net financing need for the year	337,512	405,887	265,922	132,262

* a breakdown of the IAS is included in table 3 below

1.5 A breakdown of the IAS forecast spend, is in table 3 below. These amounts are the gross spend, with grant and sales removed to produce the CFR change in table 1.

Table 3: IAS Gross Expenditure Forecast 2021/22 – 2024/25

Investment and Acquisitions Strategy		21/22	22/23	23/24	24/25
Code	Project	Forecast	Budget	Budget	Budget
		£000s	£000s	£000s	£000s
	Residential Developments				
FC04067	12 Thames Road	11,469	32,688	25,108	-
FC04065	200 Becontree	3,245	-	-	-
FC03086	A House for Artists	3,061	-	-	-
FC05100	Barking Riverside Health	53	3,818	17,343	17,316
FC05066	Beam Park	44,030	21,124	38,685	32,427
TBC	Beam Park Phase 4 / 7 -	17,711	155	34,366	8,512
FC03089	Becontree Heath New Build	787	-	-	-
FC05071	Brocklebank Lodge	927	3,110	7,892	5,938
FC05065	Chequers Lane	13,037	563	235	-
FC04069	Crown House	25,757	2,697	-	-
FC05090	Gascoigne East 3A - Block I	13,984	28,633	4,751	659
FC05073	Gascoigne East 3B	2,325	19,503	54,194	59,742
FC05076	Gascoigne East Phase 2 E1	4,885	21,621	38,480	-
FC05026	Gascoigne East Phase 3	3,430	18,081	20,068	1,739
FC04099	Gascoigne West P1	32,602	6,343	983	-
FC05025	Gascoigne West Phase 2	39,483	73,439	32,422	13,524
FC04062	Gascoigne East Phase 2 C1	30,719	433	-	-
FC04062	Gascoigne East Phase 2 E	47,021	20,374	4,946	-
FC04062	Gascoigne East Phase 2 F	49,060	43,255	9,684	1,194
TBC	Jervis Court - Scheme	2,763	13,057	8,442	4
FC04068	Oxlow Road	5,509	7,585	8,150	-
FC05035	Padnall Lake	4,002	4,620	4,683	-
FC05093	Padnall Lake Phase 2	3,973	11,260	8,028	2,758
FC05094	Padnall Lake Phase 3	705	336	17,675	34,076
FC04066	Roxwell Road	3,194	9,492	14,676	3,066
	Sacred Heart / Sebastian Court	9,036	-	-	-
FC05103	Town Quay Wharf	264	9,465	6,216	146
FC05041	Transport House	880	24,045	14,750	1,652
FC05082	Trocoll House	661	995	729	45
FC05020	Woodward Road	7,122	10,093	671	-
	Total for Residential	381,687	386,784	373,174	182,798
	Temporary Accommodation				
Misc	Weighbridge, Wivenhoe & Grays	738	-	-	-
FC04101	Margaret Bondfield	-	4,455	-	-
	Total for Temporary Accom.	738	4,455	-	-
	Commercial Investments				
FC04091	Welbeck Wharf	1,246	3	-	-
FC05024	Film Studios	3,739	-	-	-
	BBC / Dagenham Heathway	80	-	-	-
	Thames Road	1,438	97	-	-
FC05072	Industria	9,279	26,830	-	-
	Total for Commercial	15,783	26,930	-	-
	Total for Investment Strategy	398,209	418,168	373,174	182,798

2. Treasury Indicators: Limits to Borrowing Activity

2.1 The Operational Boundary - this is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

2.2 The Authorised Limit for external borrowing: represents a control on the maximum level of borrowing, with a limit set, beyond which external borrowing is prohibited. This limit must be set or revised by the full Council. The limit set includes an additional margin for borrowing to fund the Council's IAS.

It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is also a statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The drop in operational boundary is partly due to the potential sale of Muller a year earlier and uncertainty and delays for pipeline scheme. There is the potential for the operational boundary to increase further for 2023/24 onward but the impact on 2022/23 will be limited.

The Council is asked to approve the following Operational Boundary and Authorised Limit:

Table2: Capital Expenditure Forecast and Council's CFR 2021/22 – 2024/25

Capital Expenditure	2021/22 actual	2022/23	2023/24	2024/25
	£000s	£000s	£000s	£000s
Capital Financing Requirement				
Opening CFR as at 1 April	1,059,113	1,337,472	1,722,650	1,972,571
Change in Year – General Fund	278,360	385,177	249,921	115,262
Change in Year – Housing	0	0	0	0
Net movement in CFR	278,360	385,177	249,921	115,262
Total CFR as at 31 March	1,337,472	1,722,650	1,972,571	2,087,833
Net financing need for the year	337,513	405,887	265,921	132,262
Less: MRP*	-12,247	-15,000	-16,000	-17,000
Less: Capital Receipts	-46,906	-5,710	0	0
Movement in CFR	278,360	385,177	249,921	115,262
Long & Short-Term Borrowing	1,063,850	1,313,850	1,613,850	1,813,850
PFI and finance lease liabilities*	200,365	270,365	266,906	263,138
Total debt 31 March	1,264,215	1,584,215	1,880,756	2,076,988
Under / (Over) Borrowing	-73,257	-138,434	-91,815	-10,845
Operational Boundary	1,700,000	1,600,000	1,900,000	2,050,000
Authorised Limit	1,800,000	1,700,000	2,000,000	2,150,000

** MRP is estimated, based on when schemes will be operational and start repaying capital

3. Affordability prudential indicators

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. The Council is asked to approve the following indicators:

3.1 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of General Fund Capital expenditure against the net revenue stream.

General Fund Cost of Capital	2021/22 Forecast Outturn	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£000s	£000s	£000s	£000s
Net Cost of Services (estimate)	161,318	176,365	176,909	179,817
Cost of Capital				
<i>MRP*</i>	8,658	9,058	9,458	9,858
<i>GF Net Interest Budget</i>	7,090	6,890	6,690	6,490
<i>Investment Income*</i>	-6,587	-6,587	-6,587	-6,587
Net Cost of Capital	9,161	9,361	9,561	9,761
Financing Cost to Net Revenue	5.68%	5.31%	5.40%	5.43%

* Additional MRP for operational residential schemes will offset against and increase in investment income

The estimates of financing costs include current commitments and the proposals in this budget report.

3.2 HRA ratios: indicator identifies the trend in the cost of General Fund Capital expenditure against the net revenue stream

	2021/22	2022/23	2023/24	2024/25
	Estimate	Estimate	Estimate	Estimate
	£000s	£000s	£000s	£000s
HRA debt £m	310,628	310,628	310,628	310,628
No. of HRA dwellings	16,328	16,078	15,828	15,578
Debt per dwelling £	19.02	19.32	19.63	19.94

4. Treasury indicator and limit for investments greater than 365 days.

The limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment. They are based on the availability of funds at yearend. The maximum principal sums invested greater than 364 days is high to allow the treasury section to manage the significant cashflows expected as a result of the Council's IAS. The Council is asked to approve the treasury indicator and limit:

£'000s	2021/22	2022/23	2023/24	2024/25
Max. principal sums invested > 364 days	350,000	300,000	250,000	250,000

5. Treasury Indicators: Limits to Borrowing Activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure: identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure: is similar to the previous indicator and covers a maximum limit on fixed interest rates; and
- Maturity structure of borrowing: gross limits to reduce the Council's exposure to large fixed rate sums requiring refinancing.

The Council is asked to approve the following treasury indicators and limits:

Interest rate exposures	2020/21	2021/22	2022/23
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	70%	70%	70%
Limits on fixed interest rates:			
• Debt only	100%	100%	100%
• Investments only	90%	90%	90%
Limits on variable interest rates			
• Debt only	70%	70%	70%
• Investments only	80%	80%	80%

Maturity structure of fixed interest rate borrowing 2020/21		
	Lower	Upper
Under 12 months	0%	50%
12 months to 2 years	0%	60%
2 years to 5 years	0%	70%
5 years to 10 years	0%	70%
10 years and above	0%	100%

Maturity structure of variable interest rate borrowing 2020/21		
	Lower	Upper
Under 12 months	0%	40%
12 months to 2 years	0%	40%
2 years to 5 years	0%	70%
5 years to 10 years	0%	70%
10 years and above	0%	80%

5.3 HRA CFR Forecast

HRA Debt	2021/22	2022/23	2023/24	2024/25
£'000s	Approved	Estimate	Estimate	Estimate
Total	310,628	310,628	310,628	310,628

Minimum Revenue Provision Policy Statement 2022/23**Background**

1. Minimum Revenue Provision (MRP) is statutory requirement for a Council to make a charge to its General Fund to make provision for the repayment of the Council's past capital debt and other credit liabilities. The Council is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP). MRP does not need to be set aside for the Housing Revenue Account (HRA).
2. The scheme of MRP was set out in former regulations 27, 28 and 29 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. This system was radically revised by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. The revised regulation 28 replaced a requirement that local authorities calculate the MRP pursuant to detailed calculations with a duty to make prudent MRP.
3. The Council is under a statutory duty "to determine for the current financial year an amount of MRP which it considers to be prudent". Local authorities are asked by the Secretary of State "to prepare an annual statement of their policy on making MRP for submission to their full Council". This forms part of the Treasury Management Strategy (TMSS) approved by full council at least annually.
4. In determining a prudent level of MRP the Council is under a statutory duty to have regard to statutory guidance on MRP issued by the Secretary of State. The Guidance provides four options which can be used by the Council when determining its MRP policy and a prudent amount of MRP. The Council however can depart from the Guidance if it has good reason to do so. This policy is consistent with the Guidance. The options do not change the total MRP the council must pay over the remaining life of the capital expenditure; however, they do vary the timing of the MRP payment.
5. MRP adjustments and policies are subject to annual review by external audit.
6. The S151 Officer has delegated responsibility for implementing the Annual MRP Statement. The S151 Officer also has executive, managerial, operational and financial discretion to determine MRP and any practical interpretation issues.
7. A prudent level of MRP on any significant asset or expenditure may be assessed on its own merits or in relation to its financing characteristics in the interest of affordability or financial flexibility.
8. The S151 Officer may make additional revenue provisions, over and above those set out, and set aside capital receipts, balances or reserves to discharge financing liabilities for the proper management of the financial affairs of the HRA or the general fund. The S151 Officer may make a capital provision in place of any revenue MRP provision.
9. This MRP Policy Statement has been revised to consider the Council's recently agreed investment strategy, which requires the use of MRP to be outlined in more detail, as

well as to agree additional MRP options that are available for long-term property investments.

General Fund Supported Capital Expenditure or Capital Expenditure incurred before 1 April 2008

10. In relation to capital expenditure for which support forms part of the calculation of revenue grant by the government or any capital expenditure incurred before 1 April 2008, the MRP shall be calculated in accordance with the Local Authorities CFR Regulations 2003 as if it had not been revoked. In arriving at that calculation, the CFR shall be adjusted as described in the guidance.
11. In addition, the calculation method and the rate or the period of amortisation referred to in the guidance may be varied by the S151 Officer in the interest of affordability.
12. The methodology applied to pre-2008 debt remains the same and is an approximate 4% reduction in the borrowing need (CFR) each year.

General Fund Self- Financed Capital Expenditure from 1 April 2008.

13. Where capital expenditure incurred from 1 April 2008 is on an asset financed wholly or partly by self-funded borrowing, the MRP has previously been made in instalments over the life of the asset, with the calculation method and the rate or the period of amortisation determined by the S151 Officer.
14. From 1 April 2019 MRP for capital expenditure incurred from 1 April 2008 will be calculated using the annuity method. All balances as at 31 March 2019 will be carried at the same value and the same remaining life of the asset but a revised MRP calculation will be completed using the annuity method of MRP for 2019/20 and onwards. Currently the annuity method is used for the Investment and Acquisitions assets and it not proposed to amend this method, which is outlined in section 19 to 23 of this MRP statement.
15. The S151 Officer shall determine how much and which capital expenditure is funded from borrowing and which from other sources. Where expenditure is only temporarily funded from borrowing in any one financial year and it is intended that its funding be replaced with other sources by the following year, no MRP shall apply. Nor shall any annual MRP apply where spend is anticipated to be funded from capital receipts or grants due in the future but is in the meantime funded from borrowing, subject to a maximum of three years or the year the receipt or grant is received, if sooner.
16. The asset life method shall be applied to borrowing to meet expenditure from 1 April 2008 which is treated as capital expenditure by either a direction under section 16(2) of the 2003 Act or regulation 25(1) of the 2003 Regulations. The S151 Officer shall determine the asset life. When borrowing to construct an asset, the asset life may be treated as commencing in the year the asset first becomes operational and postpone MRP until that year.
17. Where capital expenditure involves repayable loans or grants to third parties no MRP is required where the loan or grant is repayable. By exception, based on a business case and risk assessment, this approach may be amended at the discretion of the S151 Officer.

18. Where capital expenditure involves a variety of works and assets, the period over which the overall expenditure is judged to have benefit over shall be considered as the life for MRP purposes. Expenditure arising from or incidental to major elements of a capital project may be treated as having the same asset life for MRP purposes as the major element itself. An estimate of the life of capital expenditure may also be made by reference to a collection or grouping of expenditure type or types.

Loans to Special Purpose Vehicles

19. As part of its Investment and regeneration programme, the Council will use several Special Purpose Vehicles (SPV) held through Reside to manage its property regeneration schemes. This will require the Council borrowing to provide funding for the SPV and for the SPV to repay the loan based on the cashflow forecast to be generated from the properties.
20. MRP using the annuity method will be charged over a period of 50 years for each scheme. An MRP period of 40 years will be used for modular / prefabricated properties. The MRP will therefore reflect the repayment profile of the SPV to the Council and any borrowing made by the Council will be made to match the cashflow requirements of the SPV.
21. For each IAS scheme a set two-year stabilisation period will be used, although this can be extended, with the agreement of the S151 Officer, to three year in cases where there are significant pressures on a scheme's cashflow. A stabilisation period for each scheme is required to:
- allow sufficient funds to cover any additional costs;
 - allow the property to be fully let; and
 - cover any initial letting and management costs.
22. The MRP annuity method makes provision for an annual charge to the General Fund which takes account of the time value of money (whereby paying £100 in 10 years' time is less of a burden than paying £100 now). The annuity method also matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life (i.e. the method reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years). This re-profiling of MRP therefore conforms to the DCLG "Meaning of Prudent Provision" which provide that *"debt [should be] repaid over a period that is reasonably commensurate with that which the capital expenditure provides benefits"*.
23. Subsequently, where an investment property is operational and has been valued at sufficiently more than its net cost, as at each financial year end, at the discretion of the S151 OFFICER, no MRP will need to be set aside during that year. A key consideration of the S151 Officer will be if the property can be sold in an open market and that sale will potentially take place within a five-year period. Any MRP that has already been set aside for the investment property will be retained as a reserve against the property. For subsequent years, a revaluation of the property will need to be completed. Where the asset is valued at less than its net cost, then MRP, net of any MRP already charged and based on the remaining life of the asset, will need to be set aside.

MRP on Commercial Purchases and Land Assembly

24. As part of the Council's Investment and Acquisition Strategy, commercial property may be purchased as part of land assembly for future regeneration. In these cases, MRP will not be set aside but a review of the progress will be made every three years.
25. Where commercial property is purchased, and it is not for regeneration purposes then MRP will be charged at the rate based on the commercial properties useful asset life.

PFI, leases and lease and lease back (income strips)

26. In the case of finance leases, on balance sheet private finance initiative contracts or other credit arrangements, MRP shall be the sum that writes down the balance sheet liability. These are being written down over the PFI and lease contract terms.

Scheme of Delegation and Section 151 Officer Responsibilities

Treasury management scheme of delegation

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Boards/committees/council/responsible body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

The treasury management role of the section 151 officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit; and
- recommending the appointment of external service providers.

This page is intentionally left blank

ASSEMBLY**2 March 2022**

Title: Barking and Dagenham Safeguarding Children Partnership (BDSCP) Annual Report 2020/21	
Report of the Cabinet Member for Social Care and Health Integration	
Open Report	For Information
Wards Affected: All	Key Decision: No
Report Author: Chris Bush, Commissioning Director, Care and Support	Contact Details: Tel: 020 8227 3188 Email: Christopher.bush@lbbd.gov.uk
Accountable Director: Chris Bush, Commissioning Director, Care and Support	
Accountable Strategic Leadership Director: Elaine Allegretti, Strategic Director, Children and Adults	
Summary	
<p>Guidance set out in <i>Working Together 2018</i> places a statutory duty on three key agencies to hold local responsibility for safeguarding; the Local Authority, the Police and Health (through the Clinical Commissioning Groups — CCGs) which form the Safeguarding Children Partnership (replacing the LSCB which was abolished in 2019).</p> <p>The Safeguarding Children Partnerships are required to publish an Annual Report, detailing their work over the preceding year. The attached Annual Report (Appendix 1) describes the work and priorities of the Barking and Dagenham Safeguarding Children Partnership Board (BDSCP) from April 2020 to March 2021. It sets out the key achievements, work of the partners, information around the priorities and how the BDSCP has worked to improve the safeguarding and protection of children across Barking and Dagenham in that period.</p> <p>The Annual Report contains contributions from a range of organisations and subgroups involved in safeguarding children in Barking and Dagenham. Joint work has been effective over the past year, and the membership of the Board and its subgroups have strengthened. The statutory partners have provided financial resources to support the BDSCP a to fulfil their functions. A workshop was held on the 18 October 2021 for BDSCP Delivery Group members, whereby the work of 2020-21 period could be reflected upon including work of the subgroups, how actions from the 19-20 Annual report have been addressed as well as detailed discussions on the priorities for the BDSCP.</p> <p>The Assembly is invited to note the report and draw out any issues that Members would like the Safeguarding Children Partnership to consider as part of its routine business or the Strategic Plan.</p>	

<p>Recommendation</p> <p>The Assembly is recommended to note the Safeguarding Children Partnership Annual Report for 2020/21, as set out at Appendix 1 to the report.</p>
<p>Reason(s)</p> <p>Safeguarding children is one of the most important statutory duties that falls upon the Council. Collaborating with our statutory and with other important partners is mandated by the Children and Social Work Act 2017 and Working Together guidance 2018. It is important that all Members of the Council are aware of the work of the Council in improving the systems to safeguard children and young people, and have the opportunity to shape that work.</p>

1. Introduction and Background

- 1.1 Working Together 2018 requires that local partners must work together to safeguard children and young people.
- 1.2 The Safeguarding Children Partnership is made up of three statutory partners who are the Local Authority, the Police and the Clinical Commissioning Group (CCG). The Barking and Dagenham Safeguarding Children Partnership also includes representation from other key local partner organisations and these are Barking Havering Redbridge University Trust (BHRUT), North East London Foundation Trust (NELFT), the Probation Service, the Voluntary Sector, Schools and Colleges, the chairs of the BDSCP Subgroups and other key officer advisors.
- 1.3 All Safeguarding Children Partnerships are required to produce an Annual Report. The Barking and Dagenham SCP has produced the Annual Report attached with contributions from all partners of the Board.
- 1.4 The report highlights what the data tells us, key achievements, and priorities of the BDSCP and its subgroups and partner agencies in 2020-21, arrangements for governance and Independent Scrutiny, and the BDSCP priorities for 2021-22.
- 1.5 Included in the report are the BDSCP Priorities for the year 2020-21. As well as overarching principles such as listening to the 'voice of the child' and 'getting the basics right' the BDSCP had six priority areas to focus on in 20/21:
 1. Strengthen multi-agency working to protect and safeguard vulnerable children and young people from all forms of exploitation.
 2. Strengthen multi-agency working in the early identification and support for children at risk of suffering from harm resulting from neglect and domestic violence.
 3. Safeguard children with additional needs and promote their welfare.
 4. Protect vulnerable children and young people from sexual abuse.
 5. Embed our Safeguarding structure and Independent Scrutiny arrangements.
 6. Respond and Recovery to the impact of the COVID-19 pandemic.

2. Proposal and Issues

- 2.1 The Annual Report includes information about the Safeguarding Children Partnership Structure and the work of its subgroups, requisite safeguarding data, the activity of the Partnership and of its partner agencies, what the priorities were during the 2020-21 period and what we have done to address the actions and issues highlighted in 2019-20 Annual Report. There is also a section that covers the 2021-22 Partnership priorities, governance, and details on Independent Scrutiny of which it is important to note that the Independent Scrutineer was appointed outside the scope of this Annual Report – in May 2021.
- 2.2. The key achievements of the Safeguarding Children Partnership in 2020/21 include the establishment of the new structure and arrangements in Barking and Dagenham as outlined in *Working Together 2018*. This includes the new BDSCP Delivery group (which replaces the LSCB) and the Neglect and Early Help Thematic Subgroup, the refresh of the Young People's Safety Group into the Young People's Summit where sessions are able to tackle topical and priority issues of safety and safeguarding locally. Terms of Reference and increased partner membership were established for all Partnership groups and the Practice, Learning and Development subgroup was instrumental in establishing of a new multi-agency BDSCP Training Coordinator who will build a robust training plan to be taken forward. Independent Scrutiny arrangements were not underway before the close of this Annual Report with the appointment being made just outside of that in May 2021.
- 2.3 We now have a Neglect and Early Help Thematic Subgroup, which meets monthly and oversees the implementation of the Early Help improvement programme. This programme has resulted in the Targeted Early Help service transferring from Community Solutions into the Social Care directorate, under the Strategic Director for People and Resilience. The findings from an Early Help, Safe and Seen exercise, that dip-sampled over 300 Targeted Early Help cases, informed the practice improvement workstream of the programme, and the Council commissioned a practice improvement partner, Innovate CYP, to support and drive forward improved practice in getting the basic's right. Further work has commenced embedding improved practice standards, Lead Professional (LP) and Team around the Family (TAF) guidance, including more robust step up and step-down procedures between Targeted Early Help and MASH, Child in Need (CiN) and Assessment services. The Graded Care Profile 2 (GCP2) neglect training was rolled out across the service.
- 2.4 There has been excellent Partnership working to strengthen the Child Death Review procedures in line with the guidance, establishing a strong interface with BHR CDOP. This includes the BHR CDOP Manager attending and reporting in to into the BDSCP Executive group on a quarterly basis to ensure clear and joint oversight.
- 2.5 The Safeguarding Children Partnership, alongside the Community Safety Partnership (CSP), has continued to work relentlessly to tackle serious youth violence and child exploitation in all its forms. The Contextual Safeguarding and Exploitation Strategic Group with its strong multi agency buy-in continues to drive and hold single oversight of the cross partnership vulnerable adolescent offer, ensuring better identification, prevention and interventions where exploitation or serious youth violence is an issue A key aim of the group is to promote the embedding of a contextual safeguarding approach across the council and its

partners – and in doing so have continued to work with the University of Bedfordshire piloting contextual safeguarding approaches, tools and procedures.

3. Financial Implications

Implications completed by Philippa Farrell – Head of Service Finance

- 3.1 This report is for information only and for cabinet to approve/agree and does not have any direct financial implications, however the success or failure of this board in its duties in safeguarding children can have significant financial impact on council budgets and hold significant reputational risk.
- 3.2 The Children Partnership received financial contributions of £30,000 from the CCG, £5k from the Police/MOPAC, £41k from Schools Forum and £21k from Schools in 2020/21.
- 3.3 The Council also provided the sum of £21k towards the running of the Board in the same year. The running costs include practice learning reviews, training and development needs and administration costs.

4. Legal Implications

Implications completed by Lindsey Marks, Deputy Head of Law

- 4.1 Section 10 of the Children Act 2004 requires the local authority to make arrangements to promote co-operation between itself and organisations and agencies to improve the wellbeing of local children. This co-operation should exist and be effective at all levels of an organisation, from strategic level through to operational delivery.
- 4.2 The Children Act 2004, as amended by the Children and Social Work Act 2017, strengthens this already important relationship by placing new duties on key agencies in a local area. The police, clinical commissioning groups and the local authority are under a duty to make arrangements to work together, and with other partners locally.
- 4.3 Section 16G of the Children Act 2004 requires the safeguarding partners to prepare and publish a report at least once in every 12 month period on what the safeguarding partners have done as a result of the safeguarding partnership arrangements, and how effective the arrangements have been. Working Together to Safeguard Children (July 2018) and explains the detail that should go into the annual report.

5. Other Implications

5.1 Risk Management

- 5.1.1 The BDSCP manages risks by having joint oversight through the Executive group which meets monthly and includes the three Leads from the three Statutory partners. Terms of reference are established for all subgroups under the Executive and Strategic plan is being developed.

5.2 Corporate Policy and Equality Impact

- 5.2.1 The SCP is a statutory function under the Working Together 2018 which requires that the Council, CCG and Police must jointly work together to safeguard children and young people.

Public Background Papers Used in the Preparation of the Report:

[Working together to safeguard children - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

List of Appendices:

Appendix 1 - The Barking and Dagenham Safeguarding Children Partnership Annual Report 2020/21

This page is intentionally left blank

London Borough of Barking and Dagenham Safeguarding Children Partnership

Annual Report

01 April 2020 – 31 March 2021

Contents

London Borough of Barking and Dagenham Safeguarding Children Partnership Annual Report 2020/21

Contents page

1. Contents	Page 2
2. Introduction to the Annual Report 2019-20	Page 3-5
3. What is Safeguarding and why does it matter?	Page 6
4. Who is involved and how do we work together?	Page 7
5. What is happening in Barking and Dagenham? What does the data tell us ?	Page 8-10
6. What have we done to take forward our priorities and address issues arising? - Chair summaries of the Working Groups - Summaries from single agency reports	Page 11-18 Page 19-22
9. What are our Priorities for 2021/22	Page 23
10. Governance structures	Page 24-27
11. Independent Scrutiny arrangements	Page 28
Appendix A. Safeguarding Children Partnership Members 20/21	Page 29
Appendix B. Partnership Contributions	Page 30
Appendix C. Glossary of Terms	Page 30



**Barking &
Dagenham**



Introduction

Context Setting

The Barking and Dagenham Safeguarding Children Partnership (BDSCP) Annual report is an opportunity to highlight the progress that the Partnership has been made in achieving its safeguarding priorities in 2020/21. The report outlines key performance data, findings from multi-agency audits, progress updates from each of the Working Group Chairs and feedback from some of our partner agencies. The report also outlines the Partnership's priorities for 2021/22.

In accordance with the guidance outlined in 'Working Together 2018', much work has been done, and is still to be done, to transition from an LSCB into a Local Safeguarding Children Partnership. In 2019/20 we established arrangements with Barking, Havering and Redbridge Safeguarding Partnership. We chose an integrated approach to addressing to our shared safeguarding needs and brought together the infrastructure to tackle our joint priorities, such as addressing young people involved with and at risk of gang culture, knife crime and child exploitation.

The BDSCP has delivered many of its priorities for 2020/21, despite facing some significant changes, not least the global pandemic. The Partnership focused on getting the leadership right and embedding a stronger foundation for collaborative working across the Statutory partners; the Local Authority, the NHS Clinical Commissioning Group and Police. Whilst this took time, a solid base to build on has been established. The Partnership is committed to leading the cultural and behavioural changes required to drive sustained improvements in services over the next three to five years, to safeguard and improve the lived experience of children and families.

In common with the rest of the country, all partner agencies services were re-directed to respond to- and manage the impact of the Coronavirus pandemic. All services have had to adapt and respond swiftly in delivering support whilst reducing the risk of COVID-19 transmission. We would like to thank everyone involved in maintaining high standards of professional practice and care delivered during this period.. Because of this response we have not been able to run our usual multi agency audit programme, however, we have plans for who partnership audits of Domestic Abuse and Neglect in 2021/22. In 2020/21 the partnership did undertake an in-depth Neglect Assurance Review, overseen the Safeguarding Executive Group.

Working through the challenges has galvanised partnership working across our Statutory Safeguarding leaders and solidified our ambition for taking forward a bold and innovative vision for 2021/22. In May 2021 the Partnership appointed a new Independent Scrutineer, Sammy Odoi who will carry out the scrutiny function for the Safeguarding Children Partnership. The key focus of the Safeguarding Partnership continues to be getting the basics right which will underpin all work that is carried out in delivering the 2021/22's priorities.

Independent Scrutiny



Sammy Odoi
Independent Scrutineer,
Barking and Dagenham
Safeguarding Children Partnership

'I was delighted to be appointed to the role of Independent Scrutineer in May 2021, and I hope to use my skills and experience to strengthen confidence in the strategic multi-agency arrangements across children and vulnerable adult safeguarding agendas.

I believe that really listening to the voice of the child is paramount if we are to deepen our understanding of the lived experience in order to improve outcomes for children and young people.

Since my appointment I have enjoyed getting out to schools, youth and community groups and forums and listening to children and young people and their families to understand their experiences of life in the borough. In the coming year I look forward to working closely with all partners and stakeholders to ensure that the actions we take are making a real difference in the lives of individuals and the communities we serve. '

Further Details of the Independent Scrutiny function on p28

Introduction

Priorities in 2020/2021

This report outlines how Barking and Dagenham Safeguarding Children Partnership (BDSCP) delivered against its six agreed priorities in 2020/21, which were as follows:

1. Strengthen multi-agency working to protect and safeguard vulnerable children and young people from all forms of exploitation
2. Strengthen multi-agency working in the early identification and support for children at risk of suffering from harm resulting from neglect and domestic violence
3. Safeguard children with additional needs and promote their welfare
4. Protect vulnerable children and young people from sexual abuse
5. Embed our Safeguarding structure and Independent Scrutiny arrangements
6. Respond and Recovery to the impact of the COVID-19 pandemic

To deliver these priorities it was agreed that the Partnership would oversee the development and implementation of the following key workstreams:

- Our Contextual Safeguarding approaches and Exploitation Strategic group with its strong multi agency buy-in, we will reduce the risks of exploitation and the frequency at which some of our most vulnerable young people go missing and safeguard adolescents against contextual factors, such as peer groups, we will develop clear thresholds and referrals pathways in order to identify and address risks earlier on so to protect young people from harm.
- Establish a Early Help and Neglect Delivery Group to oversee the implementation of and Early Help improvement programme.
- Establish a Domestic abuse commission and MARAC review.
- We will strengthen our Child Death procedures in accordance with Statutory and Operational Guidance (2018) and embed across a BHR footprint.
- Our clear thresholds and referrals pathways in order to identify and address risks earlier on so to protect young people from harm.
- Implement and embed new Safeguarding partnership structure and governance; including set up of all groups with terms of reference, recruitment of Independent Scrutineer, build a multi-agency training plan, review and refresh of Young Persons Safety group, improved comms and front facing interface and development of a business plan.

Summary of Achievements

Contextual Safeguarding and Exploitation

The Safeguarding Children Partnership, alongside the Community Safety Partnership (CSP), has continued to work relentlessly to tackle serious youth violence and child exploitation in all its forms. The Contextual Safeguarding and Exploitation Strategic Group with its strong multi agency buy-in continues to drive and hold single oversight of the cross partnership vulnerable adolescent offer, ensuring better identification, prevention and interventions where exploitation or serious youth violence is an issue. This group has overseen significant progress, as outlined in the Chair's summary report (p11). A key aim of the group is to promote the embedding of a contextual safeguarding approach across the council and its partners – and in doing so have continued to work with the University of Bedfordshire piloting contextual safeguarding approaches, tools and procedures. Three pilots have taken place focussing on peer groups, businesses and an alternative to child protection case conferences. The outcomes are informing our pathways and procedures going forward. The second Lost Hours Campaign was launched aiming to educate parents and the community as a whole on the contextual risks facing our young people. Finally, the Step up stay safe programme held 2 Workshops highlighting the variety of services and interventions on offer, successfully evidencing clear positive impact on engagement and reducing risks - services include: YARM, Parent/carer champion network, Box –up, Tootoot, Sparking purpose, Subwise, Spark 2 life, Ben Kinsella and Studio 3 Arts.

The group worked with the University of Bedfordshire to develop tools and pilots to support implement Contextual Safeguarding which included training five Contextual Safeguarding Champions across the Partnership. A Step up and Stay Safe programme was established that commissioned services at each tier to reduce incidents of serious youth violence, knife carrying, and exclusions in schools. The Youth at Risk Matrix (YARM) work was implemented, so primary schools could refer concerns, access support for pupils and parents, of which is making an impact. Through the Young people's Annual Safety Summit, awareness of safe and unsafe spaces were identified in the borough.

Introduction continued

Summary of achievements in 2020/21

Tackling Domestic Violence and Abuse

Work is ongoing in adopting a whole system approach to tackling domestic violence in Barking and Dagenham; with domestic abuse services commissioned through Refuge working well and a number of other initiatives, including those working with perpetrators now up and running. The borough has secured significant funding from MOPAC to support this work. The impact of the pandemic on demand to these services was severe and the response considerable, with many more referrals being received through the MASH and MARAC and Refuge working with more women than ever.

The Safe and Together model (an internationally recognised suite of tools and interventions designed to help child welfare professionals become domestic violence informed) continues to lead our work in children's social care and this approach is increasingly being adopted across the partnership, with training rolled out to health colleagues and some of the voluntary sector as well. We continued to pioneer a trauma informed approach to all domestic abuse services, working to ensure that survivors only have to tell their stories once.

Establishing and embedding the new Safeguarding arrangements

As outlined in the actions to be taken forward section of the BDSCP Annual Report 19-20; a new safeguarding partnership structure is now in place with terms of reference established for all groups under the structure. The recruitment of the Independent Scrutineer was completed with the appointment announced in May 2021 of Sammy Odoi. A rebrand of the partnership has been undertaken with improved communications and work ongoing to finalise a refreshed partnership performance framework, business plan including comms with the front facing interface and a user-friendly website. A multi-agency BDSCP Training Coordinator role was agreed and appointed to in 2021 and a training plan is being developed and will begin be rolled out in 21/22. The Young Persons Safety Group was refreshed, details on page 16.

The Child Death Review procedures have been strengthened in line with the guidance with a good interface with BHR CDOP. In addition to this the BHR CDOP Manager attends and reports into the BDSCP Executive group on a quarterly basis to ensure clear and joint oversight.

Summary of achievements in 2020/21

Tacking Neglect:

An Early Help Improvement programme has commenced, in response to findings of independent Early Help review, published in Feb 2021 and the Neglect Assurance work. This has resulted in the Targeted Early Help service transferring into the Social Care directorate, from Community Solutions, under the Strategic Director for Children and Adults Social Care. The findings from an Early Help Safe and Seen exercise, that dip sampled over 300 Targeted Early Help cases, informed the practice improvement workstream of the programme, and the LA commissioned a practice improvement partner, Innovate CYP, to support drive forward improved practice in getting the basic's right. Further work has commenced embedding improved practice standards and developing the CARES practice framework.

The step up and step-down pathways and processes, between MASH and Targeted Early Help have been reviewed and more streamlined approaches have been adopted with greater management oversight to ensure smoother transitions.

The LA commissioned the Social Care Institute to Excellence (SCIE) to develop a new Early Help Target Operating Model, which involves establishing three Best Chance Family Hubs across the North, East and West localities, mirroring the same geographical boundaries of Education and Health. The model sets out how the future Council's Early Help services is to operate, stretching across a number of directorates, to maximise the use of existing resource, to intervene earlier, deliver the improved outcomes for children and families. It also seeks to better integrate partner agencies through co-located working across the three hubs, so to strengthen the holistic offer of Early Help services to children and families, enabling much earlier identification and targeted intervention. The new model is to commence implementation from February 2022.

Increased investment into Targeted Early Help has been agreed, for next financial year, so to strengthen the services ability to deliver targeted interventions and respond to increasing demands. The Neglect and Early Help Delivery group has met monthly to provide strong partnership governance and single oversight of Early Help improvement programme. This group has also supported the mapping of pathways, a joint vision and joint priorities and actions informing the Early Help, Best Chance Strategy.

What is safeguarding and why does it matter for children and families?

Putting it simply, safeguarding is about the risks some children and young people may face as they grow up. These risks might come from:

- Physical harm (including deliberate harm)
- Emotional harm (including bullying)
- Neglect (in their everyday life)
- Sexual abuse (including unwanted sexual activity by others)
- Exploitation (which may include sexual, trafficking)

These risks may be faced in a child's own home caused by their family members, or from other young people or adults in the child's life and sometimes from strangers.

While many of these factors have been around for a long time there are some newer aspects of safeguarding in keeping children safe that have become more common.

This includes:

- Gangs and knife crime
- Radicalisation
- Modern day slavery
- Internet/digital abuse
- Female Genital Mutilation (FGM)

The key question in any of these situations is: Does this cause harm or is the child or young person at risk of harm from which they need to be protected?

The key agencies with responsibility for safeguarding are:

- **The Local Authority**
- **Police**
- **Health Services**

Many other groups or organisations have a significant part to play. This includes schools, faith groups, under 5's services, clubs, sports facilities, community groups etc. The fact is that the safety of children and young people is everybody's responsibility.

To help protect children and young people we must:

- Work together**
- Have plans for helping to protect children and young people**
- Test that what we are doing is working and makes sense**
- Look ahead to see what needs to be done**

This Annual Report looks back on progress over the last financial year and looks forward to how we work together even more effectively in the coming year and beyond. At a time of difficult resources and the impact of the Coronavirus pandemic there is an even greater need to work together, but we must work effectively and efficiently.

Difficulties in getting resources are no excuse for failures in working together and communicating well with each other.

Why does it matter?

At the end of 2020/21, 324 children and young people were on what is called a Child Protection Plan, a decrease of 3% children when compared to the 335 at the end of 2019/20. This means that after serious consideration all of those children were at risk from some of the risk areas outlined in this slide. Our rate per 10,000 children is 51 - higher than the national rate of 43, London (35) and statistical neighbours (49).

In addition, 1862 children and young people under 18 were considered to be Children in Need at 31st March 2021 (Compared to 1369 as of 31st March 2020 – an increase of 36%) These children and families require ongoing and sometimes intensive work to support and protect them. Across all assessments in 2020/21, 28% identified Domestic Violence and 35% identified Abuse and Neglect. The effects of neglect and abuse may live with a child or young person for a long time and affect their future lives, their relationships and the way in which they then act as a parent. They may miss out on education, the development of life skills, their mental health may be affected, and their life chances may be impaired. This report sets out some of the work that needs to happen to help protect children and young people in Barking and Dagenham now and those who will be born or move here in the next few years.

Who was involved in 2020/21 and how do we work together ?

The Barking & Dagenham Safeguarding Children Partnership is a multi-agency partnership. It is made up of senior representatives from statutory and non-statutory agencies and organisations in the Borough who have a responsibility for keeping children safe. The Safeguarding Partnership has a co-ordinating role and are responsible for ensuring that agencies work together to provide safe, effective, and efficient safeguarding arrangements for children living in our Borough. The partnership does this by:

- Outlining how it intends to tackle priority safeguarding issues, in partnership with other agencies
- Developing local policies, strategies, and ways of working, through its delivery groups
- Delivering multi agency training

There are strong links with the Health and Wellbeing Board, The Safeguarding Adults Board and the Community Safety Partnership, and we ensure the effectiveness of our local work by:

- Monitoring and scrutinising what is done by our partner agencies to safeguard and promote the welfare of children
- Undertaking serious case reviews, now known as Local Learning reviews (as a result of the changes outlined in Working Together 2018) and other multi-agency learning reviews, audits and qualitative reviews and sharing learning opportunities
- Collecting and analysing information about child deaths
- Drawing evidence from the testimony of children, young people, and frontline professionals
- Publishing an Annual Report on the above.

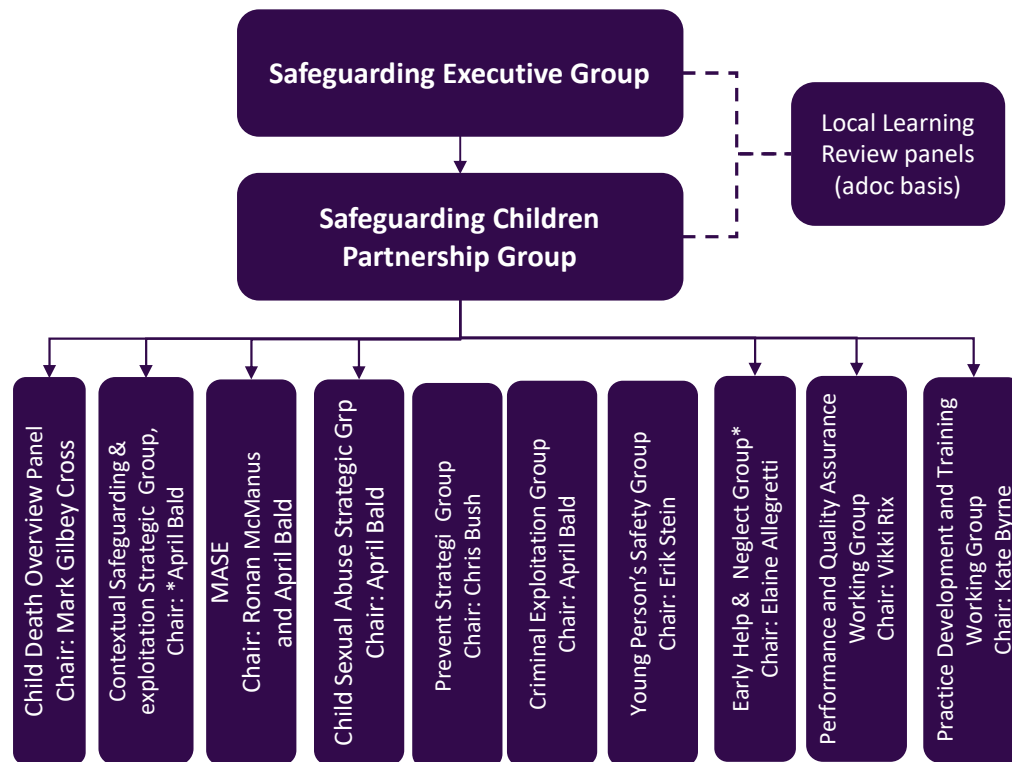
The Barking and Dagenham Safeguarding Partnership has three tiers of activity:

Safeguarding Executive Group: is made up of representatives from the three key statutory agencies and has strategic oversight of all Safeguarding Partnership activity. Strategic Partners takes the lead on developing and driving the implementation of the partnership's work.

Safeguarding Partnership Group: this is made up of representatives of the partner agencies as set out in Working Together 2018. Partner members must be sufficiently senior to ensure they are able to speak confidently and have the authority to sign up to agreements on behalf of their agency.

Working Groups: these groups work on the Safeguarding Partnership's priority areas on a more targeted and thematic basis. They report to the Safeguarding Partnership.

BDSCP Governance Structure over 2020/21



Full details of Barking and Dagenham Safeguarding Board membership for 2020/21 is outlined in Appendix A of this document. *During 2020/21 there were a number of changes in the Chairing of these groups and hence the chart reflects the most recent Chairs.

What is happening in Barking and Dagenham and what does the data tell us?

Demography

Population size

- A large and growing young population**
- Highest proportion of 0–17s in UK
- Highest birth rate in England and Wales
- +4,300 0–17s in next 5 years (+6%)
- +2,700 18-25s in the 5 years (+ 12%)
- 25% projected increase in 15–19s

Population by age 2021

Population, 2021-2026

Age	2021	2026	% change
0–4	20,400	21,200	+4%
5–9	19,600	20,400	+4%
10–14	18,500	19,200	+4%
15–19	14,600	18,200	+25%
All ages	221,500	239,300	+8%

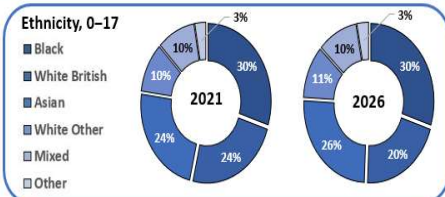
High levels of deprivation

- 17th highest in England and 1st in London for income deprivation affecting children
- 14% of dependent children live in workless households (8% in London)
- 15% of secondary school pupils claim free school meals, same as London

% dependent children living in workless households

Ethnicity & language

- A diverse population**
- 75% of 0-17s are ethnic minorities compared to 67% in all age groups
- 55% of primary school pupils do not have English as their first language, higher than London (49%)



Sources: **Population size:** Greater London Authority (GLA) interim 2019-based Borough Preferred Option projection, 2019; Office for National Statistics (ONS) mid-year population estimates, 2019; Live births in England and Wales: birth rates down to local authority areas, 2019 via Nomis, birth rate refers to 2017. **Deprivation:** English indices of deprivation 2019, Department for Communities and Local Government; Annual Population Survey, Schools, Pupils and their Characteristics: January 2021, Department for Education, 2021. **Ethnicity & language:** GLA housing-led ethnic group projections, 2016 round © GLA, 2021-based demographic projections, 2019. Ethnic minorities refers to all ethnic groups other than White British; Schools, Pupils and their Characteristics: January 2021, Department for Education, 2021. **School survey:** LBBd School Survey 2019. **Social care:** Department for Education/LBBd. X indicates suppressed value. Multiple factors may be recorded.

Population health, behaviours and attitudes – 2019 Year 10 School Survey

Emotional health and wellbeing

- 44% say they are at least 'quite' satisfied with their life at the moment.
- 22% say if at first they don't succeed, they 'usually' or 'whenever possible' give up
- 12% say they are young carers

Health

- 73% say they are in charge of their own health
- 25% say they don't enjoy other physical activity outside school at all
- 33% say they didn't have anything to eat or drink before lessons that day

Relationships

- 26% of pupils believe that emergency contraception can be taken up to 3 days after unprotected sex and still expect it to work.
- 85% think trust and honesty are some of the most important aspects of a good relationship with a boyfriend/girlfriend.
- 73% think respect and understanding are some of the most important things to make a good relationship.

Children in contact with social care

1 in 3 referrals are from the police

Police, schools and health services account for 70% of all referrals to children's social care

1 in 8 (12%) referrals are within 12 months of a previous referral, better than London (19%)

Snapshot (end 20/21)

- 1,862 children in need
- 324 children with child protection plans
- 391 looked after children
- 310 care leavers

Domestic Violence towards parent is the most commonly recorded factor at assessment

3,622 assessments with factors recorded
Average of 2.7 factors per assessment

Children in contact with social care

Looked-after children per 10,000

Higher rate than London

Missing

- 8% of looked after children had a missing episode in 20/21

What is happening in Barking and Dagenham and what does the data tell us?

Early Help

The Early Help Assessment (EHA) is the primary tool for capturing Early Help work (previously known as a CAF – Common Assessment). The number of EHAs being initiated for families significantly increase in 2020/21 to 821 compared to 494 in 2019/20 and 378 in 2018/19. The number of EHAs initiated for children therefore also increased over the past couple of years to 2,053 in 2020/21 compared to 1,011 in 2019/20. The Targeted Early Help service in the Local Authority sat in Community Solutions in 2020/21 and all EHAs were completed by the service.

The number of families and children open to Targeted Early Help was lower at end of 2020/21 at 423 and 951 respectively compared to 469 families and 966 children in the previous year.

Referring body	2019/20	2020/21 (So far)
Community Solutions	25%	5%
MASH	19%	37%
Education	15%	20%
Health	19%	15%
Police	15%	14%

Early Help Referrals

The main referring agencies not Targeted Early Help are set out in the table. There has been a large increase in those coming from children's care and support MASH and an increase of referrals from schools. Health and Police referrals declined between 2019/20 and 2020/21. Behavioural Issues (16%) was the most prevalent presenting need for new children into Early Help during 2020/21 although declined from 22% in the previous year.

However together, Domestic Incidents (11%) and Domestic Violence (10%) accounted for 21% of child presenting needs, 1% higher than 2019/20. Mental health issues increased in 2020/21 to 10% compared to 8% in 2019/20. The percentage of re-referrals into Early Help remains low and dropped to 9% in 2020/21 – down by 5%.

Referrals to Children Social Care

The number of statutory social care referrals received increased by 10.3% during the year from 3,571 in 2019/20 to 3,938 in 2020/21. The rate per 10,000 has increased from 562 to 620. This is above all comparators - similar areas (604), London (545) and the national rates (535).

The most significant number of referrals were received from the Police (1211 -31%) and from Education (845 – 21%). Around 90% of referrals were completed within timescales during 2020/21, compared to 95% previously. At the end of 2020/21, the repeat referral rate was 12% - a decrease on the 15% a year before. Performance has remained below all comparators (19%-23%).

Strategy Discussions and Section 47 Investigations

Our s47 rate per 10,000 children has always been high comparatively, but this is now declining. The number of cases that progressed to Section 47 investigations during the year was 883 out of 1,386 strategy discussions, a conversion of 64%. For the previous year this figure was 72% (1,047/1,457). The number of Section 47 Investigations decreased during the year from a rate of 165 per 10,000 to 139. This puts us below all comparators- National (167) , similar areas (207) and London rate (154).

In 2020/21, a slightly higher proportion of Section 47s progressed to Initial Child Protection Conference increasing to 43% compared to 41% in 2019/20. The percentage of Section 47 investigations resulting in No Further Action also declined to 5.6% compared to 6.5% in 2019/20.

Statutory Single Assessments

The number of Assessments completed in 2020/21 has reduced from 4274 to 4017 - a decrease of 257 (6%). 90% of those assessments were completed within 45 days compared to 78% in 2019/20 and performance was above all comparators (83%-85%).

What is happening in Barking and Dagenham and what does the data tell us

Core Groups

The number of core group meetings held in timescale for children subject to child protection plans decreased slightly to 82% at the end of March 2021, compared to 83% a year earlier.

Children Subject to a Child Protection Plan

381 children were considered at Initial Child Protection Conferences during the year at a rate per 10,000 of 60, a decrease on 2019/20 when the rate was 67 (425 children). This rate is comparable to the London and national averages but lower than similar areas.

At the end of 2020/21, 324 children were subject to Child Protection Plans, a decrease of 3% on the 2019/20 figure of 335. Our rate per 10,000 is 51 - notably higher than national (45), London (35) and local rates (49). The number of children coming off plans during the year increased from 349 to 378, whilst the number of children coming on to a plan fell slightly from 376 to 367.

The number of children becoming subject to a child protection plan for the second time in 2020/21 was 49 (13.4%). This compares with 55 children (14.6%) in 2019/20. Performance is good and lower than national, London and similar areas (18%-22%).

This year has seen an decrease in the percentage of children who were on a child protection plan for two years or more when the CP plan ceased - 12 children out of 378, (3.2%) and compares with 31 children in 2019/20 (8.9%). This area of performance is good. We are below the target of <4% and lower than the national, statistical neighbour and London averages.

Child Protection Conferences

Performance on the timeliness of initial child protection case conferences within the 15-day timescale increased to 80% in 2020/21, compared to 76% in the previous year. Performance is above all comparators (75%-78%).

Child Protection Review Conferences being held in time has remained high at 95% - in line with all comparators (90%-96%).

Child Protection Visits

The proportion of children subject to child protection plans visited 2 weekly decreased to 84% at year end compared to 94% the year before. 98% of children subject to child protection plans were visited and seen within 4 weeks at the end of 2020/21, a slight decrease on the 2019-20 outturn of 99%.

Missing Children

The number of children missing from home (not in care) was lower in 2020/21 at 185 with more missing from home episodes – 385, compared to 185 children and 448 episodes in 2019-20. Return home interviews within the recommended 72 hours period is an area of concern with low performance, despite a small increase from 34% in 2019/20 to 39% in 2020/21.

The number of looked after children missing has decreased from 59 to 45 over the last year, with the number of missing episodes decreasing from 247 to 175. Return home interviews in 72 hours for looked after children remains low, despite increasing slightly from 34% to 37% over the last year.

Child Sexual Exploitation (CSE)

At the end of March 2020/21, 28 young people were open in children's care and support for whom there were current CSE concerns, compared to 30 at end of 2019/20.

Police Powers of Protection

The number and proportion of children coming into care as a result of emergency police protection had declined year-on-year since 2014. However, during 2020/21 there was an increase from 18 children (9% of all admissions into care), to 38 (20%). This is above

Chair's summary: Children and Young Peoples Contextual Safeguarding & Exploitation Strategic Group

The Contextual Safeguarding and Exploitation Strategic Group takes place monthly and is chaired by the Operational Director for Children's Care and Support. The group is attended by a wide partnership including Children's Care and Support; Health; Police; Commissioned Partners; education, CCG, CAMHS, Community safety and Youth zone.

The Purpose of the Group:

The purpose is to ensure coordinated multi-agency responses to children and young people at risk of significant harm such as child criminal & sexual exploitation and serious youth violence that tends to happen in contexts outside the family home ie within peer groups, schools settings and neighbourhoods. The group keep oversight of several workstreams which are all geared to support the development and embedding of a multi-agency Contextual Safeguarding approach across Barking and Dagenham.

Page 1 What were our priorities in 2020/21

- Reduce the risks of exploitation and the frequency at which some of our most vulnerable young people go missing.
- Safeguard adolescents against contextual factors, such as peer groups, we will develop clear thresholds and referrals pathways and interventions in order to identify and address risks earlier on so to protect young people from harm.
- To address county lines, gang activity and serious youth violence, the Police, YOS and Adolescent service and the community safety unit will undertake targeted operations on concerning areas.
- To help young people keep safe from exploitation, our multi-agency 'Step Up, Stay Safe' programme will continue to work with Schools, the Council, Police, Health and other agencies, including community organisations, targeting knife crime and serious youth violence
- To increase parent awareness of the potential risks to young people during the hours immediately after school, we will commence our Lost Hours campaign.
- Deliver YOS HMIP Improvement Plan and maintain focus on violent crime through delivery of the serious violence and knife crime action plan.
- Provide workforce training focussing on trauma informed, 'child first' offender second approaches
- Commission intervention services and a clear "offer" which meets the specific needs of our children

Key achievements of the Contextual Safeguarding and Exploitation Group over the last year:

- Following on from a successful bid in December 2018 LBBDD were selected to work on a 3-year project with the University of Bedfordshire; intended to pilot contextual safeguarding approaches, tools and procedures, this work continues testing CS approaches to safeguarding children at risk of extra familial harm. Three pilots have taken place focussing on peer groups, businesses and alternative to child protection case conferences. The outcomes will inform our pathways and procedures going forward.
- Launch and delivery of 2 Lost Hours Campaign intended to educate parents and the community as a whole
- Step up stay safe programme held 2 Workshops highlighting the variety of services and interventions on offer evidencing clear positive impact on engagement and reducing risk eg YARM, Parent champions, Box-up Crime, Tootoot, Sparking purpose, Spark 2 Life, Ben Kinsella and Studio 3 Arts
- Training on Trauma informed practice has been rolled out and contextual safeguarding champions continue to disseminate learning and best practice.
- Engagement with BD Collective – Youth network delivering a workshop building bridges with our voluntary sector
- Coordinated police Operations focussing on risk to Romanian children and another on reducing incidents of SYV and knife crime over the summer months

Our priorities for the next 12 months are:

- Writing a LBBDD strategy to tackling Exploitation – drawing together the learning from the last 3 years whilst working with Uni of Bedfordshire. In addition, developing a single website with the "offer" from universal through to strategic interventions
- Improved single oversight and coordination of the various bids that are applied for, and we are delivering on – ensuring no duplication and they remain strategically linked and outcome focussed
- Embed the learning from the 3 Contextual safeguarding pilots – finalising referral pathways and ICS systems for contextual referrals
- Continued partnership delivery of Safe spaces work being led by Community safety partnership
- Schools contextual safeguarding summits to ensure voice and experiences of children are understood and acted on.

Chair's summary: Multi-Agency Missing and Sexual Exploitation (MASE) Children

MASE takes place monthly and is attended by a wide partnership; Police; Social Care; Education; Health; CAMHS; Subwise , Youth Offending Service, Community Safety, Early Help and Future youth zone. Since September 2018 the meeting is being co-chaired by the Detective Inspector (DI) from the Police Public Protection Desk (PPD) and the Operational Director for Children Care and Support.

The purpose of the group:

- To have tactical oversight of children at risk of CSE , information, intelligence and activity both across B&D and for B&D children placed out of borough.
- Co-ordinating a consistent and effective multi-agency response to Child Sexual Exploitation including the prevention, identification and disruption of child sexual exploitation as well as prosecution of perpetrators and making locations safer Privileging a contextual safeguarding approach
- To identify and deliver a partnership response to short, medium- and longer-term themes, trends and patterns emerging from these children's lived experiences .
- To direct resources and activity in response to identified trends or patterns
- To identify and remove blockages or obstacles impacting on safeguarding of children

What were our Priorities in 2020/21

- To safeguard LAC from exploitation, we will extend the Missing Children's Panel to address Looked After Children placed in LBBB by other LA's on a quarterly basis.
- To improve information sharing, the police and local authority partners across East Area (Havering and Redbridge) will align their MCOP procedures.
- To support local accommodation providers to act as "any reasonable parent" to safeguard children when they go missing, we will work with police partners and local accommodation providers to roll out the Philomena protocol.
- To support managers and multi-agency partners to have increased oversight to safety plans, we will refresh the CSE & CCE Risk Assessment tools.
- Improve referrals to the NRM (National referral mechanism) for children suffering sexual exploitation through modern slavery and county lines

Key achievements of MASE during the year are:

- This group has been influential in tackling some concerning cross borough issues such as children placed from out of borough .
- Monthly training sessions are delivered by the Child exploitation and missing manager and the CE champions group are tasked with disseminating research, new protocols, guidance, and lessons from serious case reviews.
- The average age of children known to us in this space is 14.4 and has continued to get younger over the last 18 months mainly due to increased prevalence of technology assisted abuse . Training has been delivered on on-line harm and young people from a local school have supported the delivery of the training .
- A joint education /social care response to responding to Everyone's invited website and the Ofsted review into sexual harm in schools that followed
- We have held care leavers open on the CSE list even though they are over 18yr until such time that the members are satisfied there is a robust support plan in place.
- Successful bid and implementation of an NRM panel – with a dedicated coordinator reporting more timely NRM conclusive grounds decisions
- Developed an evidence bank of "what works "- understanding what interventions and characteristics made a difference and diverted children from CSE
- Some successful disruption activities on locations of concern , including Make safe visits to hotels and issuing of CAWNs on persons of concern .

Our Priorities over the next 12 months are:

- To improve the return home interviews for missing children and ensure they are routinely undertaken, and the outcomes are influencing the risk assessments. This is an area of improvement as identified by Ofsted and MASE will oversee the progress.
- Multi agency response to technology assisted abuse including using the Lost hours campaign to educate the community and support parents to identify and respond to concerns
- Continuing to work with partners to ensure rich cross partnership data and intelligence is shared with the group so we can better understand our profile , including addressing disproportionality and intersectionality .

Chair's summary: Criminal Exploitation Group (CEG)

CEG takes place monthly and is attended by a wide partnership : Police; Social Care; Education; Community Safety; Health; CAMHS; Subwise ; YOS ; Youth zone ;CCG Rescue & Response. This meeting is chaired by the Operation Director for Children's Care and Support.

Purpose of the Group

The partnership agreed that meeting separate to MASE would be helpful in order to concentrate on the specific needs of children at risk of criminal exploitation (county lines, trafficking, modern slavery) particularly as the numbers were rising . Our data ensures we understand the cross over as we recognise some children can be criminally and sexually exploited at the same time. The purpose of the CEG meeting is:

- To have tactical oversight of children at risk of criminal Exploitation (CE), information, intelligence and activity both across B&D and for B&D children placed out of borough. Understanding the live experience of these children .
- To identify and deliver a partnership response to short, medium- and longer-term themes, trends and patterns emerging from child criminal exploitation through the application of the VOLT principle: Victim, Offender, Location, Trends . We continue to privilege a contextual safeguarding approach .
- To direct resources and activity in response to identified trends or patterns .
- To identify and remove blockages or obstacles impacting on the minimisation of risk

What were our priorities in 2020/21

- Increased outreach interventions throughout Covid lockdowns to keep contact and support to children at risk of CE
- Track our children being exploited through county lines drug networks and those with reasonable and conclusive NRM decisions through our multi-agency criminal exploitation group.
- Develop a profile of our children most at risk , better understanding the risk indicators and interventions needed to divert them from the risks
- Develop a Risk assessment tool to support practitioners to identify and response to risks associated with criminal exploitation
- Roll out the YARM (Youth at risk matrix) model of intervention more widely in schools

Key achievements of CEG during the year are:

- A successful bid for funding from the Home Office to appoint a National Referral Mechanism (NRM) coordinator based within social care . An exciting role that will ensure our children will receive NRM decisions in a timely way ensuring them the support and right considerations at court.
- Similar to MASE this group has been successful in escalating and resolving cross borough issues for out of borough children placed locally .
- Additional YARM workers appointed and interventions being rolled out to primary schools
- Better aligned to community safety partnership activities – focussing on locations of concern eg Barking station and Gascoigne
- Strengthened governance across the partnership network ensuring the operational activities feed into the strategic priorities
- Successful summer nights partnership response seeing decrease in SYV and knife activity over summer months .
- Development of a Parent champion network with parents being trained to offer parental peer support
- Barnado's Tande Project supporting children at risk of youth violence and CE
- CE risk assessment tool rolled out and contextual safeguarding pilot work focussed on businesses and peer group .

Our priorities over the next 12 months are:

- This is a challenging space to work within and whilst we have a dedicated vulnerable adolescent team , demand has staff retention has been challenging . We will look to re consider the structure of this service area.
- The current Early help improvement work needs to consider the early help offer for children at risk of criminal exploitation.
- Ensuring that the return home interviews for missing children are routinely undertaken and that outcomes are influencing the risk assessments. This is an area of improvement work that will be overseen by the MASE and reported into the CEG.
- Continuing to work with partners (health and police in particular)to ensure rich data and intelligence is shared with the group so we can better understand our profile , including being able to address disproportionality .

Chair's summary: Child Sexual Abuse (CSA) Safeguarding Delivery Group

The Child Sexual Abuse Safeguarding Delivery Group takes place Bi-monthly and is chaired by the Operational Director for Children's Care and Support (LBBD) and attended by a wide partnership; Police, Social Care, Education, Health, CSA Centre of Expertise Barnardo's, CAMHS, CCG, legal, Performance and Training and Development

The purpose of the group:

Sexual abuse can impact on every area of a child's development; psychological, cognitive, social, emotional, behavioural, physical, and sexual. Improving the professional response to child sexual abuse is a key priority in LBBD both in terms of reducing the long-term impact of sexual abuse on individuals and their families but also on public services and society as a whole. Our vision is to ensure that Barking & Dagenham children who are victims and survivors of sexual abuse receive the best possible medical, emotional, and social support, and advocacy to support them through their recovery and that they get justice for the crimes committed against them. To ensure appropriate prevention work and early identification, reducing CSA incidences by empowering children to speak out and perpetrators to seek help early on.

The priorities for 2020/2021

- To develop a partnership dedicated developing a Child sexual abuse strategy
- To roll out partnership training on child sexual abuse supported by the Centre of Expertise in Child sexual abuse
- Strengthen referral pathways (including a pathway for Sexually harmful behaviour) , improved multi agency attendance at strategy meetings ,and information sharing as the CSA investigations progress
- Pull together the "offer" of services and interventions from universal through to targeted early help and statutory threshold of need . Including a strengthened approach to prevention through work with schools
- Undertake audit activity to better understand the context in LBBD and areas of improvement
- Develop improved data capture and reporting functions to understand prevalence and profile
- Understand the child's lived experience by creating opportunities for their feedback

Key achievements of the CSA Delivery Group during the year are:

- Barking and Dagenham was one of three boroughs chosen to work with the Centre of Expertise in CSA on two separate pilots – the first delivered a multi-agency practice leads programme for 20 practitioners and delivery of two, one-day introductory multi-agency CSA training courses for our Safeguarding partnership. The second will involve LBBD implementing the new CSA pathway testing a set of tools and practice guidance they have developed
- Barking and Dagenham have been successful in a bid to Safer London who will collocate a Sexual harmful behaviours practitioner being in our children's services focussing on early identification and targeted early help offer.
- Securing the appointment of a Social Care Liaison Officer as a result of the partnership between NEL CCG and the LA. The role will be based on the Lighthouse Model.
- The Trained practice leads are now offering ongoing support and expertise to the wider workforce which includes consultation and lunch time briefing sessions
- An audit undertaken of 65 children .

Our priorities over the next 12 months are:

- We will continue to consider issues of intersectionality and how children from certain groups may be less likely to disclose the sexual abuse they are suffering - how do we provide all children a space to be heard
- Implementing the role of the Social Care Liaison Officer who will help improve outcomes for children and young people who have experienced CSA.
- Following disclosures on the Everybody's Invited blog and subsequent Ofsted review , work to focus on supporting schools in tackling young peoples perceptions, attitudes and everyday language with a zero tolerance to sexual aggression.
- Continuing to tackle and understand the complexities of technology assisted abuse (online harm).
- To improve data sharing amongst partners to understand prevalence , profile and outcomes
- Deliver the improvement work that comes out of the recent audit .
- Implement the new tools and practice framework arising from the second CoE pilot programme
- Write the CSA Strategy and Procedures documents

Chair's summary: Neglect and Early Help Delivery Group

The Neglect and Early Help Delivery Group is held monthly and chaired by the Strategic Director for Children and Adults. The Delivery Group has wide partner engagement, including LA officers from Education, Safeguarding, Targeted Early Help, Children's Care and Support, including Youth Offending, Specialist Intervention Services; Head Commissioners, Community Solutions, and partners: CCG, Police, NELFT, BHRUT, Refuge, (Housing/NRPF/Adult intake) and Schools.

What is the purpose of the group?

The N&E Delivery Group seeks to achieve four key objectives, which are as follows:

1. Early help is purposeful, safe, spots and manages risks, works in partnership with families and agencies, in line with meeting community needs and keeping children out of statutory support.
2. Children are safe and seen, in a timely way.
3. Children referred to Children Care and Support (MASH) get the right decision first time, and this is done in conjunction with partners, based on a good understanding of a child/family's lived experience.
4. There is a strong working interface across Early Help, MASH, Children in Need and Assessment as to stepping children up and down and consistent application of the thresholds.

What was achieved in the 12 months?

Meetings took place from Oct 2021, in response to taking forward a neglect assurance review and the learning. Partners were asked to respond to the Safeguarding Executive group re the following:

- **What factors would influence a partnership response?**
- **What learning, and improvements have already been implemented?**
- **What is working well now and what still needs to be improved?**

The findings of the assurance review, lead to the development of an Early Help Improvement programme, which this group directs and oversees delivery. This has resulted in the Targeted Early Help service transferring from Community Solutions into the Social Care directorate, under the Strategic Director for Children and Adults. The findings from an Early Help, Safe and Seen exercise, that dip sampled over 300 Targeted Early Help cases, informed the practice improvement workstream of the programme, and the LA commissioned a practice improvement partner, Innovate CYP, to support and drive forward improved practice in getting the basic's right. Further work has commenced embedding improved practice standards, Lead Professional and Team around the family guidance, including more robust step up and step-down procedures between Targeted Early Help and MASH, CIN and Assessment services. The Graded Care Profile 2 (GCP2) neglect training was rolled out across the service.

The LA commissioned the Social Care Institute to Excellence (SCIE) to develop a new Early Help Target Operating Model, which involves establishing three Best Chance Family Hubs across the North, East and West localities, mirroring the same geographical boundaries of Education and Health.

The model sets out how the future Council's Early Help services is to operate, stretching across a number of directorates, to maximise the use of existing resource, to intervene earlier, deliver the improved outcomes for children and families. It also seeks to better integrate partner agencies through co-located working across the three hubs, so to strengthen the holistic offer of Early Help services to children and families, enabling much earlier identification and targeted intervention.

Increased investment into Targeted Early Help has been agreed, so to strengthen the services ability to deliver targeted interventions and respond to increasing demands. This group has also supported the mapping of pathways, a joint vision and joint priorities and actions informing the Early Help, Best Chance Strategy.

Priorities for 2021/22

1. Continue getting the basic's right, within Targeted Early Help, ensuring children are safe and seen and ensure there is consistency in practice and improved interface across Early Help with MASH, CIN and Assessment services.
2. Improve integrated working across all partners, across the wider Early Help landscape and start to develop locality-based governance and operating arrangements for establishing three Family Hubs, across three localities, coterminous with Schools and Primary Care networks, to enable families to receive a more co-ordinated and joined up offer, reducing the hand offs and enabling families to tell their story once.
3. Develop and roll out a whole system practice framework and strengthen the *Lead Professional, Team around the Family* approach across universal and early help services, so to ensure families are receiving more consistent and coherent service delivery.
4. Strengthen partners abilities to identify risk earlier and collective put in intervention in placed in time way.
5. Commission and deliver more joined up targeted and early interventions to prevent needs escalating.
6. Drive forward the Early Help Strategy and plan, across the multi-agency partnership
7. Strength our whole system offer as to domestic abuse, in accordance with the recommendations arising from the Domestic Abuse commissioning.
8. Establish an Early Help offer that outlines the range of services available to children and families, across the 0-19 Early Help partnership.

CDOP Managers Summary: Child Death Reviews (CDR)

In accordance with 'Working Together' (2018) guidance, responsibility for child death reviews shifted from Local Safeguarding Children Boards (LSCBs) to a joint partnership of local authorities and clinical commissioning groups (CCGs), named Child Death Review Partners (CDRP).

Every child death is subject to a thorough mortality review led by clinicians in the acute hospital or primary care setting, most involved in the care of that child, at a Child Death Review Meeting (CDRM). The output of CDRM meetings is shared with the Child Death Overview Panel (CDOP) a multi-agency panel set up to review the deaths of all children normally resident in their area.

In November 2021 a CDOP manager and CDOP Coordinator were appointed to manage the CDR process across Barking and Dagenham, Havering and Redbridge (BHR). Monthly BHR CDOP meetings began in March 2021, reviewing cases across the three boroughs.

Number of Child Deaths in Barking and Dagenham

Between April 2020 and March 2021, the CDOP was notified of 11 deaths of children who were resident in Barking and Dagenham which is a significant decrease in the number of deaths from the previous year, when CDOP was notified of 27 deaths of children who were resident in Barking and Dagenham.

The Panel reviewed and closed 10 cases across the BHR area at two panels. Of those cases, 2 were resident in Barking and Dagenham. Both of these cases were from the period April 2019-March 2020. There was reduction in cases reviewed in 2020-21 for two reasons; firstly, 2019-20 was a transition year and the newly appointed CDOP manager and CDOP coordinator did not come into post until November 2020. Secondly two panels were cancelled during 2020-21, due to the effects of COVID-19 and the redeployment of key members of staff.

Preventability/Modifiable Factors

Between April 2020 and March 2021, no preventable or modifiable factors were identified at the BHR CDOP regarding children resident in Barking and Dagenham.

Actions Taken and Key Priorities in 2020/21

- Monthly BHR CDOP panels are being held monthly.
- An After-Action Review has taken place reviewing the Child Death Review Systems across the Tower Hamlets, Newham and Waltham Forest, City and Hackney and Barking and Dagenham, Havering and Redbridge.

Key Priorities for 2021/22

- To take forward themed CDOP panels. A themed panel involves examining child deaths attributed to the same/similar cause of death at a CDOP meeting to support greater learning and promote the sharing of best practice.
- Continue to work closely with colleagues from neighbouring CDOPs, to develop a coordinated approach to sharing local learning.
- Implementation of the Tower Hamlets, Newham and Waltham Forest, City and Hackney and Barking and Dagenham, Havering and Redbridge Child Death Review Systems After Action Review.
- Maintain good working relationships with hospital-based CDR partners, to ensure the process is implemented efficiently.

Chair's summary: Young People's Safety Summit

The Young People's Safety Group (YPSG) meets annually as part of the large Young People's Safety Summit, which explores themes of contextual safeguarding, online, at school and in community settings. The 'mini-conference' with all Secondary Schools invited, acts as a consultation forum for the BDSCP, responding to need but also acts as a forum to challenge the Partnership and holds its members to account.

Outcomes are recorded via pledges that individual young people complete i.e. one thing they have learnt, one action they will take and one question they would like to post to the Partnership.

A Summit report is also produced and circulated widely to provide intelligence and for action by partners. The Partnership then responds to the key questions raised as well as individual agencies acting on the views and issues raised.

Next Steps

- In 2020 it was not possible to deliver a Young People's Safety Summit due to the closure of schools and national lockdowns.
- Data from the 2019 summit was still used with a variety of partners e.g. the Council's Step Up, Stay Safe programme which continues to focus on Young People's voice as a strand. A young people's steering group has been established to support the delivery of the Young Londoners' Fund Programme.
- A 2021-2022 Secondary School Young People's Safety Summit has been arranged for Friday 21st January.
- The Summit will again explore contextual safeguarding within online, community and school domains.
- Supporting the delivery of the summit will be the University of Bedfordshire's Contextual Safeguarding Programme, who will be exploring familial and peer group domains.
- A Primary School Safeguarding Conference is also planned for this academic year.

The format of the YPSG works well, with sessions able to tackle topical and priority issues of safety and safeguarding locally, and schools individually conducting follow up work as a result of sessions. The impact of lockdown during COVID has resulted in increasing concerns around online sexual and criminal exploitation. The feedback regarding online contexts from the Summit is not used as effectively as the school and community contexts.

Currently the YPSG only works with secondary schools and Barking and Dagenham College and there is not an equivalent format for the primary phase. This is a priority need. With primary phase schools increasingly identifying young people at risk, as well as dealing with the consequences of Adverse Childhood Experiences, methods to routinely engage primary phase children need to be considered.

It is important to note that the YPSG is not the only way in which the views of young people around issues of safety and safeguarding are captured and acted upon. However, more work needs to be done to formally link the work of the BAD Youth Forum, Skittlz (our Children in Care Council), Youth Independent Advisory Group (YIAG) and soon to be formed Young Londoners Fund young persons' steering group with both the Partnership and YPSG sessions.

Our priorities for the next 12 months are:

- Re-engage specific schools with the YPSG as part of the Summit.
- Deliver one event for secondary schools and one for primary phase schools linked to Contextual Safeguarding 2021-22.
- Ensure that the data gathered from the Young People's Safety Summit effectively informs contextual safeguarding strategy and practice in partnership with schools and Board members.
- Ensure data gathered through linked forums, such as the BAD Youth Forum, Young Londoners Fund young person' steering group, Youth Independent Advisory Group, and Skittlz (Children in Care Council) feed into the work of the BDSCP and YPSG.

Chair's summary: Practice, Development and Learning (PDL) Business Group

The Practice, Development and Learning Sub-Group takes place quarterly and is chaired by The Designated Nurse for Safeguarding and Looked After Children (Barking and Dagenham) at NEL CCG. Attendees from; Health; Prevent; Children's Commissioning, Safeguarding & QA, MASH & Early Help; Police; Education, and the Principal Social Worker for Children.

Purpose of the group:

This group comes together as a multiagency to establish where there is crossover from organisations and therefore joint learning opportunities. The Practice Development and Learning Group will lead on co-ordination of all reviews of practice (including case reviews) in line with our outcomes. It will link closely to the Child Death Review Group to ensure that learning from Child Death's (where relevant) is also incorporated, and the Performance and Quality Assurance Group to do similar with findings from audit activity. This will ensure there is a central point where quality of practice, critical analysis and learning is combined to feed into understanding safeguarding effectiveness, and into workforce development.

This group will also commission, design, deliver and monitor both attendance and impact of training and development.

What were our priorities in 2020/21

- Creating and recruiting to the role of a multi-agency safeguarding training coordinator who will then undertake an updated training needs analysis and begin to build and move forward a training offer for the partnership.
- Embedding the learning from local SCR's. And overseeing the single and multi-agency action plan from a recent Barking and Dagenham SCR (publication now due ahead of summer 2022). As well identifying the learning from other SCR'S; Child TQ and SCR David which were reviewed through the subgroup.
- Identify learning from the Neglect Assurance exercise and through the Neglect and Early Help group as well as evaluating the learning from the Graded 2 Care Profile Training (GCP2) training.
- Dissemination of learning from the SUDI work and Reports 20-21.

Key achievements of the PDL group during the year are:

- The PDL group has been instrumental the creation of a new post to support the work of this group; Multi-agency Safeguarding Children Training Coordinator.
- Continuing to oversee actions and evaluating the learning identified in single and multi-agency trackers for BD Serious Case Reviews .
- Graded Care Profile 2 (training) face to face was stood down due to the risk and restrictions of the COVID-19 Pandemic but was delivered virtually where possible in this period.
- A case of Neglect in a large sibling family triggered a multi-agency assurance exercise and the themes for unpicking and learning have been and continue to be explored.
- Learning from publications such as SUDI and other local SCR/PLRs have been explored for multi-agency learning and actions.

Our priorities over the next 12 months are:

- Following the appointment for the BD Multi-Agency Safeguarding Training Coordinator a comprehensive training needs analysis followed by a robust multi-agency training programme will be designed and start to be delivered including the evaluation of training.
- This will include training re what is covered in the SCP Priorities and based of what the 2 separate MA Audits observe for Neglect and Domestic Abuse.
- Present, identify and disseminate the learning from a BD Practice Learning Review and also a new Cross Borough PLR that is now underway.
- Roll out training identified through the Early Help Improvement strand such a Team around the Family (TAF) and Lead Professional and through DA; Safe and Seen.
- Oversee agreed 3-5 point action plan in response to challenges raised in the Myth of Invisible men work, published by the National Panel.
- Continue to embed GCP2 across the partnership, ensuring a common language between practitioners and partners.

Summary of findings from partner agency reports

Agency Priorities in 2020/21

In accordance with the Trust's Safeguarding Strategy 2018 - 2020, the key safeguarding priorities identified at national and local level continue to be progresses throughout 2020/21, focusing on:

- Think Family – including family when planning care
- Service user Agreement – plan services based on patient involvement and feedback
- Responsive Workforce - ask questions and think the unthinkable
- Harmful Practices – protect adults and children at risk of harm
- Bridging the Gap for 16-18 year old – preparing young people transitioning from children to adult hospital services
- Empowerment & Advocacy – adhere to the Mental Capacity Act and empower patients to make choices
- Learning from Practice – facilitate training and share lessons learnt from safeguarding incidents
- Information Technology – utilise IT to improve service user engagement and sharing of information

Key Achievements in 2020/21

- Developed a bespoke learning disability awareness training in the Emergency Departments, Critical Care and Assessment Areas
- Re-commenced the Transition Family Forum for children and young people moving into adult services
- Re-commenced the Learning Disability & Autism Working Group
- Planned a BHRUT's first Transition Conference
- Developed a Learning Disability Nurse Career Map project
- Purchased Photosymbols account and easy-read training arranged for key staff
- Produced a Learning Disability and Autism Policy
- Reintroduced a Learning Disability and Autism Survey for adults with learning disabilities

Key Achievements in 2020/21

- Learning from case studies shared and disseminated throughout patients summits, news bulletins, training and supervision
- Produced a new five-year Safeguarding Strategy – Poster and Narrative
- Produced a new five-year Learning Disabilities and Autism Strategy
- Embedded the Child Death Process throughout key clinical areas
- Implemented the Child Death Process training as an e-Learning package
- Implemented virtual Safeguarding Children Supervision to replace face to face sessions in light of COVID-19
- Introduced a monthly Maternity Safeguarding Supervision Bulletin, discussed at any face-to-face opportunities
- Implemented an e-Learning package for Safeguarding Children Level 3 training to replace face to face sessions in light of COVID-19
- Created and delivered a new Domestic Abuse training for staff

Priorities in 2021/22

- Launch a new five-year Safeguarding Strategy – Poster and Narrative
- Launch a new five-year Learning Disabilities and Autism Strategy
- Launch of a new Safeguarding Newsletter
- Commence a Task and Finish Project to pilot an Obesity ED Risk Assessment in support of a Community Pathway Establishment of a Young Person Forum within the Trust – in partnership with Patient Experience and Children Services
- Development of a Children Frequent Attenders Protocol – working in partnership with Children mental health services (Interact)
- Development of a survey aimed at capturing father's voice – in partnership with Maternity Services
- Involvement in planning a MH crisis suite/Cooling off unit – creating a suite aimed at 48 hours beds for CYP in crisis (12 to 18 years old)

Summary of findings from partner agency reports

Agency

North-East London Foundation Trust (NELFT)

Priorities in 2020/21

- **Contextual Safeguarding:** continues to be part of the multi –agency partnership with regards to safeguarding and promoting the welfare of children in the context of extra familial harm.
- **Exploitation:** Strengthen identification, assessment, interventions; Continue to support staff in recognising and protecting children and adults at risk; ensure effective risk monitoring and management oversight; commitment to working with partner agencies; contribute to the LBBB Child Sexual Abuse Safeguarding Strategy
- **Neglect and Early Help:** Roll out of GCP 2 training by 2021 - Ensure there is multi-agency workforce that have a common understanding of neglect; Neglect Pathways across the agencies will be mapped out in order to look at multi-agencies respective offer around neglect; understanding of each other’s pathways starting with maternity services through to universal and targeted Childrens services
- **Prevent:** Continue to be part of NELFT’s safeguarding priorities, in meeting its responsibilities as to Counter Terrorism and Security Act - Ensure timely allocation of all cases and robust case management.

What did we do to address?

Contextual Safeguarding – Co-participating in the pilot for contextual safeguarding conferences which recognises that young people are vulnerable to abuse beyond their front doors

Exploitation: NELFT provide exploitation training and specialist safeguarding support via trained safeguarding supervisors to staff working with children and adults. NELFT participate in the multi-agency meetings where children at risk of exploitation are discussed, and safety plans put in place for these children. Risk assessments are updated regularly and there is senior managerial oversight of complex cases.

Neglect and Early Help : Roll out of GCP 2 has commenced and will continue until all NELFT 0-19 children’s and targeted service staff have been trained. This assessment tool helps practitioners measure the quality of care a child is receiving and provides a common language regarding neglect across the safeguarding partners. Mapping of Neglect Pathways across the multi-agencies has started and the respective offers around neglect has been identified improve the understanding of each other’s pathways starting with maternity services through to universal and targeted Childrens services ,early help and statutory services. Support the development of the multi-agency Threshold document.

Prevent: NELFT are represented at the Channel Panel meetings and ensure timely allocation of all prevent cases and robust case management. Staff attend mandatory prevent training and there is a Prevent Lead within the organisation. There is an annual audit of Prevent cases identified by NELFT and learning is feedback to staff by safeguarding newsletters and is included in safeguarding and standalone training

Summary of findings from partner agency reports

Agency

Priorities for 2021/22

- **Improving children's mental health:** Nationally and locally we know there has been an increase in children and young people suffering from poor mental health, this has been exacerbated during the pandemic by schools being closed, on-line learning, lack of social contact and challenges for some young people with online consultations. NELFT want to ensure that all young people who are struggling with poor mental health are seen and assessed in a timely way, risk assessments completed, and care plans are put in place to support their journey to improved mental wellbeing. NELFT will have the Mental Health Support teams (MHST) to support CYP in schools from Jan 22. This will provide early interventions and support for CYP and will work closely with education, Universal 0-19 services, local community, social care and CAMHS to support the SEND Agenda.
- **Neglect and Early Help:** NELFT's commitment to identifying children and young people who are suffering from neglect continues with the additional training in using the GCP 2 assessment tool. Staff are working in a blended model (providing a range of intervention methods to meet the needs of our CYP in the community whilst balancing risks) and are now completing more face-to-face consultations which enable a more holistic assessment to be completed. Some families have struggled during the pandemic and the additional challenges with finances, social isolation reduction in support networks have increased the risk of neglect. NELFT are committed to working in partnership with safeguarding partners to strengthen the support offered to families, working jointly to improve the lives of children . The 0-19 services has also implemented a named Health Visitor for families up to the age of two. This will provide the consistency of service provision and ensure that Neglect or any deterioration can be identified sooner. For children who require Specialist Childrens Services, all children will sit under a specialist care pathway and will have a lead health professional, depending on their complexity and needs. This will ensure that CYP care is not fragmented and minimise any duplication across services. NELFT will also work with our partners to develop joint care planning.
- **Collaborative working in MASH:** Following the Barking & Dagenham Ofsted inspection in early 2021 the health offer (CYP and adults) in MASH has been strengthened by strategic support from the CCG as well as an improved understanding of the health role within MASH. Health representation improves the quality of information sharing and decision making, and this will be audited over the next year. Outcomes for children should be improved by agencies working together and bringing their expertise to the joint decision-making following referrals to MASH.
- **Serious Youth Violence :** NELFT recognise the impact of serious youth violence on the young people in Barking & Dagenham and have completed a thematic review and held a Youth Violence Conference in 2021 .Learning has been disseminated to staff through 7-minute briefings and a quarterly safeguarding newsletter. Staff will continue to be supported to work with young people affected by youth violence with recognition of the emotional impact on young people and staff. Staff continue to work together with safeguarding partners to identify, risk assess and support young people at risk from youth violence. NELFT is a core member and will continue to support NRM (National Referral Mechanism- Home Office pilot). NELFT will work closely with our partners including LBBD YOS team (providing supervision and thereby positively building resilience for the YOS and social care teams), CAMHS and third sector organisations to tackle youth re-offending through early identification and signposting of first-time entrants into the youth justice system and ensuring there is a comprehensive package of care to discourage re-offending behaviours.



Summary of findings from partner agency reports

Agency

HM PRISONS & PROBATION SERVICE

Priorities for 20/21

- Unification of the probation service was overarching priority for probation services during this period whilst still delivery on BAU
- Ensuring all staff have received mandatory safeguarding training at the appropriate level
- Ensure any child in the care of people subject to probation is identified and appropriate checks and actions are completed
- Improve probation engagement with Childrens services in particular attendance at child safeguarding conferences
- Be an active member in local MASH arrangements

What did we do?

- 20/21 was a significant challenge due to both unification of the probation service and covid 19.
- Early 2020 saw the probation services enter into an exceptional delivery model and the entire caseload be validated and risk assessed in line with a reduced frequency of face-to-face supervision.
- Prior to unification a role out of mandatory training via eLearning was completed with 95% of all staff in London undertaking the expected training including safeguarding level 1 to 3 as appropriate to function
- Continued engagement in daily safeguarding calls was undertaken by MASH single points of contact

Priorities 2021 - 22

- Mobilisation of the new unified probation service
- Move to blended mixed caseloads across the service
- Improved strategic engagement in BDH with Safeguarding boards and subgroups
- Improved number of safeguarding checks and referrals and improved information sharing.
- Improved transition from YOS to Adult services
- Management of Domestic abuse and Youth violence



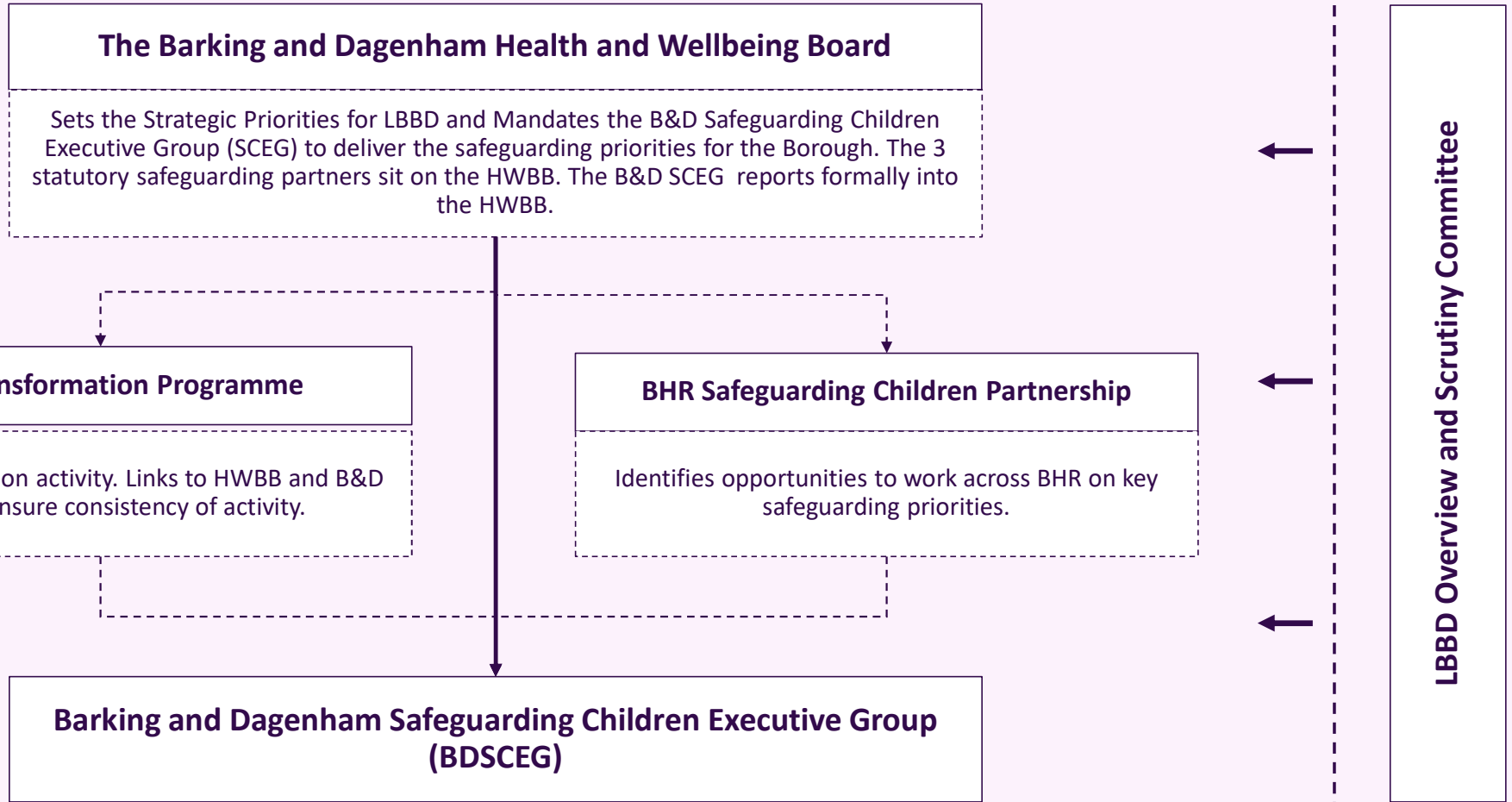
Priorities for the Barking and Dagenham Safeguarding Children Partnership 2021/22

<p>PRIORITY 1 Protect and safeguard vulnerable children and young people from all forms of exploitation with a robust MASH and Early Help Offer</p>	<p><i>Take a partnership approach to improving our offer across the Early Help landscape, from early identification, assessment, planning and interventions for children, including those with SEND, who are exposed to neglect, domestic violence and abuse, including physical abuse and chastisement. This is partly in response to the findings of the Neglect Assurance work, in response to a serious neglect case. Ongoing work includes improving our MASH service, strengthening the application of our revised thresholds document and escalation pathways and establishing early permanence. We will be developing a holistic improvement programme in part in response to the recommendations arising from the Independent Early Help Review and develop the of a new Early Help offer and Quality Assurance and Practice frameworks that also seek to address neglect and domestic abuse, two of our biggest issues in the borough.</i></p>
<p>PRIORITY 2 Safeguard children with additional needs and promote their welfare</p>	<p><i>Ensure that children with additional needs, such as those with learning disabilities and social, emotional and mental health issues are safeguarded and receive effective support as soon as a need is identified, especially in situations of parental non-compliance/disguised compliance with health care, or whilst children are out of school and not in regular line of sight of their school or health professional. Take forward the Think Family programme, strengthening a smooth transition into Adulthood. Improve links and joint working with the Voluntary and Community sector to identify vulnerable families that are not known to services. Continue to strengthen our Looked After Children and Care Leavers services and address the quality concerns as to unregulated provision in the borough.</i></p>
<p>PRIORITY 3 Protect vulnerable children and young people from sexual abuse</p>	<p><i>Continuing to work with the CSA Centre and ensure consistent and good identification, assessment, intervention and health and justice outcomes for children and young people who suffer sexual abuse, including their families. Prevent children being exposed to sexual abuse through online grooming and to work with the outcomes and findings of the Online Harms Bill in this space. This continues to be a significant need in our borough and we are developing more sophisticated interventions and work with young people who are sexually abused.</i></p>

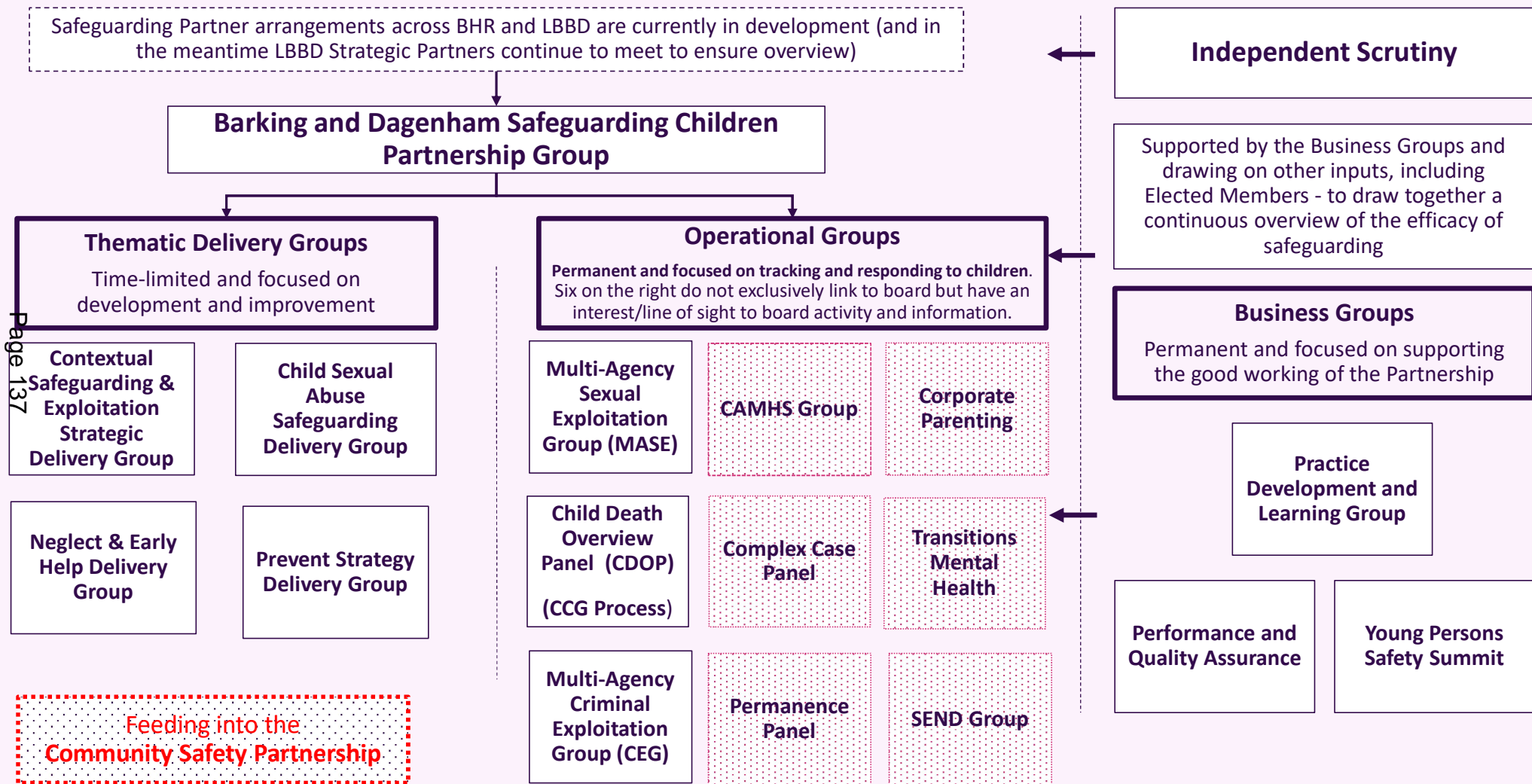
Getting the **BASIC's RIGHT** and hearing the **VOICE OF THE CHILD** are cross cutting priorities.

The Barking and Dagenham Safeguarding Partnership Governance Arrangements in 20-21

Page 136



The Barking and Dagenham Safeguarding Children Partnership



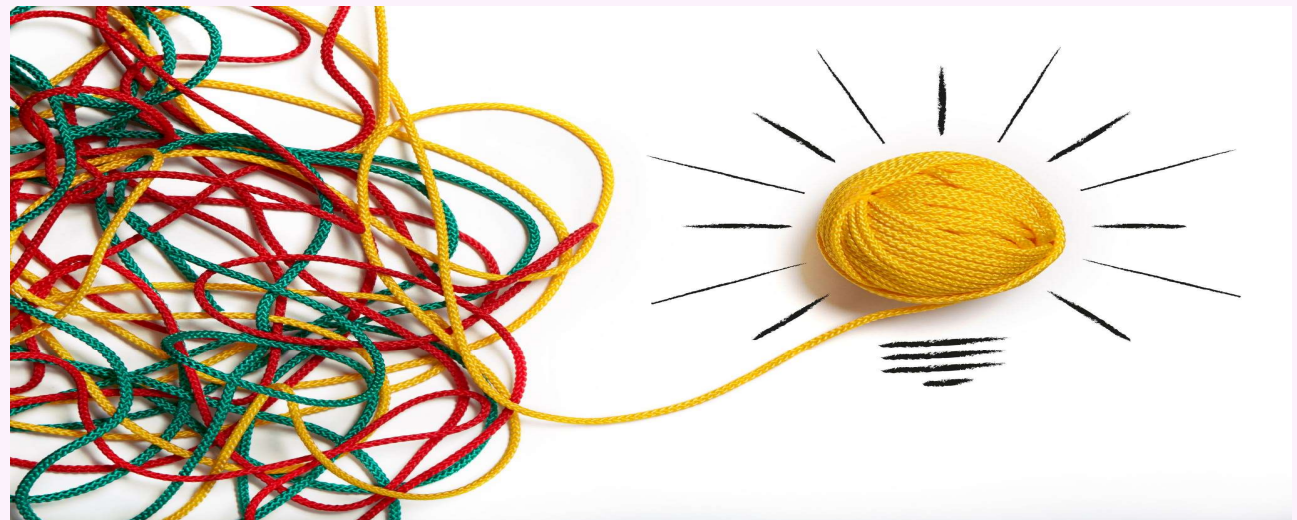
Our Approach for Safeguarding Governance

Safeguarding Children Partnership Executive

The Barking and Dagenham Safeguarding Children Partnership Executive is the key decision-making body and consists of the executive leads of the three statutory partners. The Lead Member(s) for Children Services may be invited to provide independent challenge but not in a decision-making role. They will meet as a minimum six times per year and will agree the local safeguarding arrangements; approve the annual report; agree the independent scrutiny arrangements and delegations; set the budget; agree priorities for the annual business plan; monitor progress mid-year and provide leadership to promote a culture of learning. This group will also ensure that other local area leaders promote these arrangements. In situations that require a clear, single point of leadership, all three safeguarding partners should decide who would take the lead on issues that arise and if functions or decisions are delegated, the Safeguarding Partnership Executive members remain accountable. The representatives, or those they delegate authority to, should be able to: speak with authority for the safeguarding partner they represent; take decisions on behalf of their organisation or agency and commit them on policy, resourcing and practice matters; and hold their own organisation or agency to account on how effectively they participate and implement the local arrangements. *Membership will include: The Director of Children Services (DCS); NEL Clinical Commissioning Group Safeguarding Lead; Metropolitan Police Safeguarding Lead; Head of Safeguarding and Quality Assurance (LBBD); Partnerships and Governance Manager (LBBD). Optional: Cabinet Member for Social Care and Health Integration; Cabinet Member for Education; Independent Scrutineer.*

Safeguarding Children Partnership Delivery Group

Replacing the former LSCB, **this group will meet 6 times a year**, and have a clear focus on the delivery of the operational and thematic groups, who will be expected to report a workplan for their area (aligned to the Annual Report) at the start of each year and provide regular progress updates to each meeting. During 2021/22 this group will be chaired by the Independent Scrutineer. Membership will include **Independent Scrutineer (Chair)**; Senior Leaders from Statutory partner agencies, Director of Children Services; Chairs of Thematic and Operational Groups; Voluntary Sector representative; School and College representatives; Acute Health (BHRUT), NELFT, Probation Services. Other partners may be involved, receive papers or attend for specific items only.



Thematic Delivery Groups: Time Limited

Contextual Safeguarding & Exploitation Strategic Delivery Group

The Contextual Safeguarding & Exploitation Strategic Delivery Group, that also reports into the Community Safety Partnership, will oversee the implementation of our Exploitation Strategy to protect vulnerable children and young people from all forms of exploitation. This group will also ensure that the wider operational, performance and quality assurance systems are place before passing oversight to the Operational and Business groups. This group will also oversee and direct the work of the Multi Agency Criminal Exploitation Group (CEG) and Multi-Agency Child Sexual Exploitation group (MASE)

Early Help & Neglect Delivery Group

The Neglect and Early Help Delivery Group, is chaired by one of the Statutory Safeguarding Partners from the Executive group. This group has led on shaping Barking and Dagenham’s response to addressing children and young people living with neglect. This group continues to ensure clear application of thresholds, referral pathways, multi disciplinary assessment tools and evidence-based interventions which are outcome focussed, thereby needing to oversee the development and implementation of our Early Help improvement programme and strategy that will be partnership wide. It will ensure children and their families receive the right help, and the right time, from the right people. The group will determine the distinction between targeted and wider Early Help and set the framework for our ‘Team Around the Family’ approach to delivering Early Help, as well as redesigning the Target Operating Model for Early Help services and recommissioning the ‘offer’ of provision.

Child Sexual Abuse Safeguarding Delivery Group

The Child Sexual Abuse (CSA) Safeguarding Delivery Group was set up after the London Safeguarding Partnership made CSA one of its priorities over the next 2 years. There is much to do to improve practice across the Boroughs to bring about consistent and good identification, assessment, intervention, health and justice outcomes for children and young people who suffer sexual abuse, including their families affected by CSA. The CSA Safeguarding Delivery Group will have the key role of producing the Child Sexual Abuse (CSA) Safeguarding Strategy, including systems and processes to ensure good quality practice, and will drive improvement work in partnership with the Centre of Expertise on CSA.

Prevent Strategy Delivery Group

The Prevent Strategy Delivery Group, that also reports into the Community Safety Partnership, will shape the development of our Prevent Strategy, and oversee the delivery. It will lead the response to the Prevent Peer Review. To do this, the group will bring together key individuals from across the partnership and oversee the work of the statutory Channel Panel and the delivery of Home Office commissioned partners and link in with our Prevent Account Manager from the Home Office.

Operational Groups

Multi-Agency Child Sexual Exploitation Group (MASE)

Co-ordinates multi-agency oversight and response to CSE cases, sharing information, intelligence across B&D and for B&D children placed out of borough applying the VOLT principle : Victim, Offender, Location, The MASE group also oversees the work the Missing children and vulnerable Adolescents working group.

Multi-Agency Criminal Exploitation Group (CEG)

Co-ordinates a multi-agency response to Child Criminal Exploitation including the prevention, identification and disruption of child criminal exploitation as well as prosecution of perpetrators.

Child Death Overview Panel

CDR partners ensure that the learning as to preventable child deaths is disseminated and this managed by the CCG

Independent Scrutiny and Business Groups

The Children and Social Work Act 2017 and Working Together (WT) to Safeguard Children 2018 set out the new arrangements for Safeguarding Children Partnerships. As a part of that, a requirement was to set up a system of conducive and robust Independent Scrutiny and constructive challenge for the effectiveness of those new arrangements described in WT 2018.

The Partnership agreed that the role of the Independent Scrutineer as part of the wider system of independent scrutiny has three main primary objectives.

1. The main purpose of this role is to act as the 'Safeguarding Champion' – providing challenge and support for our children, families, stakeholders and residents, working in partnership with others whose roles and activities contribute to the whole-system of independent scrutiny.
2. Supported by Safeguarding Partners and colleagues, to collaboratively lead activities, reflective of the voices of our children, young people and stakeholders as well as engaging with local children and families, providers, commissioners and community, voluntary and faith sectors.
3. To do this, the Independent Scrutineer will work in partnership with stakeholders to:
 - . Provide assurance to the safeguarding leaders of Barking and Dagenham on how effective our safeguarding arrangements are.
 - . They will also identify where these arrangements fall short of our aspirations, to provide constructive challenge and help us to identify how we can make lasting improvements.

The Independent Scrutineer was appointed in May 2021 and will undertake the following

1. Provide assurance in judging the effectiveness of services to protect children:
 - Report to Strategic Partners and Health and Wellbeing Board
 - Support the Annual Report/Plan
 - Review performance reports/serious and critical incidents reports from any partner agency
 - Overview of co-ordination and effective partnership working in safeguarding activity
2. Provide challenge to Safeguarding Partners on priorities and ensure the voices of our children, young people and stakeholders are at the heart of all we do. Ensure we are engaging with local children and families, providers, commissioners and community, voluntary and faith sectors, working with our Young People's Safety summit to take forward.
3. Support a culture and environment conducive to robust scrutiny and constructive challenge: - Contribute to Listen, Learn, Challenge activity as part of Partnership programme.
Engage in and support the "Safeguarding Champion's" initiatives and project work and work with our Practice Development and Learning and Performance and Quality Assurance Business Group to take forward.

Practice Development and Learning

The Practice Development and Learning Group continues to lead on co-ordination of all reviews of practice (including case reviews) in line with our outcomes. It will link closely to the Child Death Review Group to ensure that learning from Child Death's (where relevant) is also incorporated, and the Performance and Quality Assurance Group to do similar with findings from audit activity. This will ensure there is a central point where quality of practice, critical analysis and learning is combined to feed into understanding safeguarding effectiveness, and into workforce development. This group will also commission, design, deliver and monitor both attendance and impact of training and development.

Performance and Quality Assurance

Whilst every Working Group is expected to understand performance and assurance within its own remit, detailed multi-agency performance scrutiny across and within the system should take place in the Performance and Quality Assurance Group. With responsibility for implementing the Safeguarding Outcomes Framework, the group will bring together a range of evidence outlined in the framework and report by exception to the partnership. Information will be received from other sub-groups and agencies in the form of assurance reports, and areas for learning passed to Practice, Development and Learning Group.. The Performance And Quality Assurance Group will also be a key pillar of the Independent Scrutiny arrangements, ensuring that this function is provided with an appropriate range of intelligence to support their continuous assessment of the effectiveness of the system.

Young Persons Safety Summit

The Young People's Safety Group (YPSG) meets annually as part of the large Young People's Safety Summit, which explores themes of contextual safeguarding, online, at school and in community settings. The 'mini-conference' with all Secondary Schools invited, acts as a consultation forum for the BDSCP, responding to need but also acts as a forum to challenge the Partnership and holds its members to account.

Appendix A:
BDSCP
Partnership
Membership
2020-2021

BDSCP membership	Named Representative	Role
Independent Scrutineer	Ian Winter	Independent Chair
Local Authority	Elaine Allegretti (N&EH Chair) **	Strategic Director Children and Adults
	Chris Bush (Chair Prevent Strategic)	Commissioning Director
	April Bald (Chair CEG, CSE, CSA ,MASE)	Operational Director
	Erik Stein (Chair YPS)	Head of Participation, Opportunity and Wellbeing
	Vikki Rix (Chair PQA)	Head of Performance and Intelligence
	Heather Storey (HoS for Safeguarding Partnerships)	Head of Childrens Commissioning
Police (Met, East Area BCU)	John Caroll **	Detective Chief Superintendent
North East London CCG	Gordon Henderson	Safeguarding Lead
	Mark Gilbey-Cross (CDOP Chair) **	Director of Nursing
	Kate Byrne (Chair PDT)	Designated Nurse
BHRUT NHS TRUST (Acute Health)	Dr Richard Burack	Named GP for Safeguarding Children (BD)
	Gary Etheridge	Director of Nursing, Quality and Safeguarding
	Adam Seomore	Named Nurse, Safeguarding Children
	Daniela Capasso	Named Midwife, Safeguarding
North East London Foundation Trust (NELFT)	Melody Williams	Integrated Care Director
	Mohammed Mohit	Assistant Director, Children's
	Dr Sarah Luke (CDR)	Designated Doctor
Probation	Anthony Rose	Head of probation Havering & BD
Maintained Schools	David Dickson (Secondary) Wayne Pedro & (Primary)	Head Teachers
Non maintained special school	Cathy Stygal (PRU)	Headteacher
College	Amy DeCampos (BD College)	Safeguarding Lead
Voluntary Community and Faith	Avril McIntyre	Chief Officer, Community Resources
Lead Members	CLlr Maureen Worby CLlr Evelyn Carpenter	Councillors (participating observers)
Commuity Solutions	Mark Fowler	Director of Community Solutions
Additional members		
London Ambulance Service	Lee Hyett-Powell	Safeguarding Lead
CAFCASS	Cornelia Fuehrbaum	Service Manager
Fire	Narinder Dail	Borough Commander
Advisors		
Head of Safeguarding & QA	Teresa Devito	
Safeguarding Business Manager	Jemma Breslin	
Legal Advisor	Lindsey Marks	

Appendix B: how much does it cost

All partner organisations have an obligation to provide the Local Safeguarding Children Partnership with resources and finance that enables the partnership to be well organised, functional, and effective.

In principle this means that partners should share the financial responsibility in such a way that a disproportionate burden does not fall on one or more partner agencies. There is no set formula on how Safeguarding Partnership is funded.. The tables show a breakdown of the income received from all partners during 2020/21.

Contributions: 20/21

Agency	Contribution
BHRUT	£3, 716.00
NELFT	£3,716.00
B&B CCG	£30,000
Metropolitan Police	£5,000
Council (LBBD)	£40,00
Schools Forum	£13,422
Total	£95,848

Appendix C: Glossary of terms

AILC	Association of Independent LSCB Chairs
BDSCP	Barking and Dagenham Safeguarding Children Partnership
BHR	Barking and Dagenham, Havering and Redbridge
BHRUT	Barking, Havering and Redbridge University Hospitals NHS Trust
CAF	Common Assessment Framework
Cafcass	Children and Family Court Advisory and Support Service
CAMHS	Child and adolescent mental health services
CCG	Clinical Commissioning Group
CDOP	Child Death Overview Panel
CSE	Child sexual exploitation
EH&P	Early Help and Prevention (working group)
FGM	Female genital mutilation
FII	Fabricated or induced illness
FJYPB	Family Justice Young People's Board
IRO	Independent reviewing officer
LBBD	London Borough of Barking and Dagenham
LCRC	London Community Rehabilitation Company
LSCB (LSCP)	Local Safeguarding Children Board – changing to Local Safeguarding Children's Partnership in September 2019
MAPPA	Multi-agency public protection arrangements
MARAC	Multi-Agency Risk Assessment Conference
MARF	Multi-agency referral form
MASE	Multi Agency Sexual Exploitation Meeting
MASH	Multi-agency safeguarding hub
NELFT	North East London NHS Foundation Trust
NSPCC	National Society for the Prevention of Cruelty to Children
PDT	Practice Development and Training (working group)
PLR	Practice learning review
PQA	Performance and Quality Assurance (working group)
SCR – Local Learning Review	Serious case review (Changing to Local Learning review in September 2019)
YPSG	Young People's Safety Group

ASSEMBLY**2 March 2022**

Title: Audit and Standards Committee Annual Report 2020/21	
Report of the Chair of the Audit and Standards Committee	
Open Report	For Information
Wards Affected: All	Key Decision: No
Report Author: Yusuf Olow, Senior Governance Officer	Contact Details: Yusuf.Olow@lbbd.gov.uk Tel: 020 3911 7919
Accountable Director: Philip Gregory, Finance Director	
Summary	
<p>Local government is one of the most tightly regulated and most transparent parts of the public sector. As democratically elected bodies, councils have a duty to ensure good governance, of doing the right things at the right time and to be seen to be spending public money well and wisely and to ensure that Councillors are beyond reproach in their conduct.</p> <p>This report outlines the work of the Audit and Standards Committee in 2020/21 and how it has sought to achieve its objectives.</p>	
Recommendation	
<p>The Assembly is asked to note the Audit and Standards Committee annual report for 2020/21, as set out at Appendix 1 to the report.</p>	
Reason(s)	
<p>It is good practice for the Assembly to be updated on the work of the Audit and Standards Committee for the previous municipal year.</p>	

1. Introduction and Background

- 1.1 In 2020, the Redmond Review recommended that External Auditors submit a report to the Assembly. The Audit and Standards Committee agreed, as part of the recommendation to provide an annual report to the Assembly on the Committee's activities during the previous municipal year, in addition to the External Auditors Report, to provide members with a wider overview of Audit and Standards related issues.

2. Financial Implications

There are no direct financial implications for this report.

3. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

- 3.1 The Local Audit and Accountability Act 2014 requires that the Council as a relevant body must have its accounts audited. The procedure is set out in the Accounts and Audit Regulations 2015 (the 'Regulations'). Regulation 9 sets out a timetable and requires certification by the Council's responsible finance officer of the statement and then consideration by a committee to consider the statement and approve by resolution.
- 3.2 There is substantial concern that local audit needs revision. The Local Accountability and Audit Act 2014 abolished the Audit Commission. But historically local government was subject to external supervision with the district auditor which gave objectivity. As referred to in the body of this report consideration is being given to acting upon the Redmond Review on local government audit.
- 3.3 The Redmond Review which reported on 8 September 2020, found that the local audit market was "very fragile". In particular, he found that oversight of local audit was fragmented as "none of the six entities with responsibility for the different elements of the framework has a statutory responsibility, either to act as a system leader or to make sure that the framework operates in a joined-up and coherent manner." The Government responded with a White Paper in March 2021. It agreed with Redmond that "a clearly accountable system leader with overarching responsibility is needed to make sure the local audit framework operates in a coherent and joined up manner". It would establish the Audit, Reporting and Governance Authority (which will encompass all audit private and public) and within it a standalone unit to oversee local audit, including the Code of Local Audit Practice, which is currently the responsibility of the National Audit Office.

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

List of Appendices:

Appendix 1 - Audit and Standards Committee Annual Report 2020/21

Audit and Standards Committee Annual Report 2020/21

Chair's Foreword

I am pleased to present the first annual report by the Audit and Standards Committee.

This report is, in part, due to the outcome of the Redmond Review into the audit market which recommended that External Auditors produce reports for the full meeting of the Council. The chair proposed, and the Committee agreed, to produce a report of its own to compliment the External Auditor's report.

The Covid-19 pandemic had made 2020/21 a challenging year for the activities overseen by the Committee. The 2019/20 Audit has been delayed owing, in large part, to Covid-19. Social distancing meant that the External Auditors were unable to enter the Town Hall and other premises with unavoidable consequences for the completion of their work. In addition to this, the External Auditors redeployed staff to NHS related audits which required urgent attention.

Social distancing requirements has meant that the Council's counter fraud team have faced increased challenges in carrying out investigations as well as detecting errors and misstatements. Internal Audit's planned reviews had to be altered owing to the changing priorities that Covid-19 brought in its wake.

The previous audit for the municipal year 2018/19 was protracted and the Committee was deeply concerned insisting that a review be undertaken into the cause of the delays and measures to stop them happening again. An update was given on lessons learned and steps taken to avoid a repeat. Among the recommendations made was that communication be improved between officers, auditors and the Committee. However, Covid-19 means that the Committee has been unable to fully evaluate the effectiveness of these measures.

As a result of the challenges mentioned above, this Committee's inaugural report is regrettably being submitted late. To avoid further delay, this report is being submitted without the 2019/2020 Audit which will be submitted to the next ordinary meeting of the Assembly for its consideration.

However, whilst the Committee has faced considerable challenges, this has not stopped the Committee from continuing to refresh its knowledge. Committee members have undertaken training relating to risk, fraud detection, internal controls and overview of financial statements whilst, in my capacity as Chair, I attended an online weekender course for Audit Chairs arranged by the Local Government Association where I was also part of a panel sharing best practices that Barking and Dagenham Council adopt in our Audit and Standards Committee meetings.

I would like to thank Stephen Warren who, in his capacity as Independent Advisor, has supported the Committee in holding Council Officers and the External Auditors to account. I would also like to thank those officers who have been subject to the Committee's questions for their assistance in ensuring that the Committee is able to discharge its duties and I give thanks to the Cabinet Member for Finance,

Performance and Core Services who has often provided the Committee with an invaluable overview leveraging his expertise and skills.

Finally, I would also like to thank Cllr E Rodwell, Cllr Haroon and Cllr Khan, who all stood down from the Committee at the end of the municipal year, for their contributions and dedication.

Cllr P Bright

Chair, Audit and Standards Committee

Membership

The Audit and Standards Committee for 2020/21 consisted of eight Councillors:

- Councillor Princess Bright (Chair)
- Councillor Adeboyega Oluwole (Deputy Chair)
- Councillor Simon Bremner
- Councillor Josie Channer
- Councillor Kashif Haroon
- Councillor Irma Freeborn
- Councillor Emily Rodwell
- Councillor Mohammed Khan

Masuma Ahmed, Principal Governance Officer, and Claudia Wakefield, Senior Governance Officer, supported the Committee.

Statement of Accounts 2018/19 and BDO's ISA260 Report

On 27th July 2020, the Committee received a report on the progress of the Council's Statement of Accounts and the Council's external auditor's draft Audit Completion Report. The Committee regretted that it was not presented with a Statement of Accounts for approval as some aspects of the audit were still outstanding. The Committee noted that the unadjusted errors identified in the audit were below the materiality threshold, and although this was an important milestone, it asked that the Committee be provided with sufficient opportunity to read the Statement of Accounts before presenting them for approval at a future date.

Although the Committee understood that there were a number of challenges in completing the audit this year, there had been substantial delays in progressing the audit. The Committee was very disappointed that the Statement of Accounts had not been presented, despite being reassured of this previously. The Committee was concerned that the completion of the audit was now being pushed to September 2020, and this would potentially impact the audit of the 2019/20 accounts. The Chair requested that:

- Following 27th July 2020 meeting, an annotated version the Statement of Accounts be provided so that Members could see the key differences between the draft version that was provided to the Committee in July 2019 and the proposed final set;
- Officers share their response to the recommendations made by BDO regarding the lessons learnt from the current audit so that the Committee could have reassurance that the issues identified would not recur when the audit of the 2019/20 accounts took place; and
- Officers provide a realistic date to hold a meeting of the Committee whereby the Statement of Accounts for 2018/19 may be presented for approval so that the Committee was not put in this position again.

In holding officers and the external auditor to account, the Committee learnt that the main difficulty in completing the audit had been the group accounts which had been very complex, due to the nature of the Council's structure and 2018/19 being the first

year of preparing them. The Council's Finance Director stated that the finance team was working hard with BDO to ensure the audit of the accounts could be finalised as quickly as possible. Whilst it was disappointing that the audit completion was now heading towards September 2020, the audit of the single entity accounts was almost there and the Assistant Manager for BDO stated that he felt it was realistic to aim for a date in September to present the Statement of Accounts to the Committee.

Members asked officers and BDO what actions they would take to learn from the delays and challenges that had occurred to ensure future audits of the Council's accounts progressed more smoothly. The Director assured the Committee that his team were committed to undertaking a 'lessons learnt' review with BDO's specialist team which would be in addition to the responses given to BDO as a result of recommendations made by them as part of the 2018/19 audit process. This work would take place in September 2020 so that the lessons learnt from this audit could be applied to the 2019/20 accounts audit process, to help ensure past mistakes were not repeated. The Director stressed that the Chief Accountant had been extremely thorough in working through the 2019/20 accounts, undertaking quality assurance to ensure the errors identified in the 2018/19 accounts were not repeated.

In response to questions, Members were informed that the Government had given local authorities an extended deadline to publish their 2019/20 accounts due to the Covid-19 pandemic, which somewhat mitigated the impact of the delay in completing the 2018/19 audit. Also, as BDO would have already undertaken an audit of the Council's accounts, they would be acquainted with how the accounts were set-up, which should smoothen the audit process for the 2019/20 accounts. Members were also informed that over 10% of local authorities' 2018/19 audits were outstanding at the end of May 2020 so whilst the Council's position was not desirable, it was not alone in facing complexities in its audit process for the 2018/19 accounts.

The Committee finally received the report on the Statement of Accounts 2018/19 on 21st September 2020 and the associated ISA260 Report from the Council's external auditor, BDO. The Committee was deeply disappointed that the Group Accounts for 2018/19 were not provided to the Committee. The Chief Accountant explained that changes were still being made to them and assured the Committee that BDO had almost completed their work on these accounts, which would soon be subject to their internal review.

The Chair expressed her significant disappointment in relation to the following issues, with regards to the Statement of Accounts:

- Despite all the assurances given at the 27th July 2021 meeting, the Committee still had not been presented with a complete set of accounts and a complete ISA260 report;
- There was no effective communication with her in advance of the agenda papers being circulated and the meeting itself, about the delay in finalising the Statement of Accounts and the reasons for it; and
- The ISA260 report, in respect of the pension fund, was not provided until requested, and was only received this morning via email circulation.

Members concurred with the Chair's comments and asked what the reasons were for the further delay in presenting a final Statement of Accounts. They urged Council officers and BDO to do everything necessary to conclude the audit of the 2018/19 accounts, so that the impact on the audit of the 2019/20 accounts could be minimised. The Council's Finance Director assured Members that much hard work had gone on to get the audit to the current position. He assured the Committee that the audit was almost complete and that it was likely that the Statement of Accounts would be in the position to be signed off in a couple of weeks' time. Whilst working on the 2018/19 accounts, officers had also been working on preparing the 2019/20 statements, which had been published on to the Council's website on 31 August 2020 as draft, in accordance with the statutory requirements. Whilst preparing the 2019/20 accounts, officers had reflected on the lessons learnt as part of the audit of the 2018/19 accounts and were confident that the next audit would go more smoothly. BDO assured Members that it was not uncommon for Audit Committees to receive a Statement of Accounts that was subject to some further clearance work, near the end of an audit. She acknowledged that the Chair of the Committee should have been kept informed of the issues arising in relation to the group accounts leading up to the publication of the agenda papers for 21st September 2020 meeting. With regards to the Pension Fund, the Audit Completion Report in that respect provided to the Committee by BDO at its meeting in 27th July 2019 was complete at that time, and no further audit work had been undertaken on the Pension Fund since then.

The Committee were reminded of the main reason for the delay in finalising the group accounts. The group accounts were extremely complicated, and this was the first time the group subsidiaries' accounts had been consolidated, so the Finance team had to start from scratch; whilst this was good in the sense that it would provide assurance as to the accuracy of the accounts, it also meant that BDO had to look into the prior year's accounts for comparison.

As a result of the Committee's discussions, the Council's Head of Assurance agreed to include the difficulties faced in the 2018/19 audit of accounts in the Annual Governance Statement for 2018/19.

In response to the Committee's questions, the Finance Director stated that as discussed at 27th July 2020 meeting, the Council had several groups of subsidiary companies that had been created for various purposes to get the most benefit from their arrangements, creating complexities for accounting purposes. Officers were keen to address these complexities where possible, such as looking into the Reside group of entities to review if there were any which could be closed. Going forward, it was important that when the Council creates new structures, this was done in a way that would bring the most benefit to the Council but also minimise the complexity of the accounting.

The Committee delegated the approval of the final Statement of Accounts to the Director of Finance, in consultation the Chair, on the proviso that the finalised Statement of Accounts, the explanations for movements from the draft accounts, and the finalised ISA (UK) 260 report from the auditors were circulated to the Committee, in sufficient time for Members to seek clarification of any matters.

Schedule of Subsidiaries Report based on 2018/19 figures

The Committee received a report on the subsidiaries owned by the Council, in order to further understand the complexities of the group accounts, which was a significant reason for the delay in completing the external audit of the 2018/19 accounts.

It was noted that each subsidiary was required to produce statutory accounts, which (depending on its size and the nature of the relationship with the Council) were subject to an annual audit. These accounts were then consolidated into the Council's group accounts, which were audited by the Council's external auditor, BDO. The Council had a complicated structure which made producing the Council's accounts a very complex task. For example, one of the Council's companies, Barking and Dagenham Trading Partnership, was a group company that itself had five subsidiaries, the accounts of all of which would have to be consolidated into the Council's group accounts.

Counter Fraud Annual Report 2019/20

The Committee considered the Counter Fraud Annual Report 2019 which brought together all aspects of counter fraud work undertaken from 1 April 2019 to 31 March 2020. The Committee sought assurance that cases of fraud which shared similar themes, traits and behaviours, were analysed so that any new lessons learnt from cases were always responded to, be it closing 'loopholes' which allowed the fraud to take place or introducing new policies and procedures which would make committing the fraud more difficult, and this was done in partnership with other teams across the Council.

Internal Audit Annual Report 2019/20

The Committee received the Internal Audit Annual Report 2019/20, which outlined the work carried out for the year ended 31 March 2020 and included the Head of Assurance's overall opinion on the work undertaken.

The Committee sought assurance around the following issues:

- That the Internal Audit team worked with external auditors when drafting the Internal Audit Plan for the year to potentially reflect any areas identified by them for inclusion in the Plan;
- The Internal Audit Team consulted the Council's contractors where relevant, to ensure that the Council's assets were protected from harm, such as cyber-security attacks; and
- The Internal Audit team would be undertaking a Covid-19 review to ensure the Council was doing all it could to recover the costs of dealing with the pandemic; for example, checking that all eligible costs had been claimed from the Government, and reviewing a sample of business rate relief applications to provide assurance that only those who were entitled had claimed relief, and any suspected cases of fraud had been referred to the relevant Counter Fraud team to investigate.

Internal Audit Response to the Covid-19 Pandemic

The Committee received a report from Internal Audit on the Council's response to the COVID-19 Pandemic and which included the impact that the pandemic had had on planned internal audit work, as well as the additional value that the team had added to the Council's overall response.

The Chair commended the response of the Internal Audit team to the Covid-19 pandemic in reviewing risks and priorities in a timely and rational manner, providing reassurance to the Committee and the Council at an unprecedented and uncertain time.

The Committee noted that:

- There were no specific national internal audit guidelines on how to respond to a pandemic of this nature, so the team had taken a measured and proactive approach in their response based on best practice;
- The Council had taken a holistic approach in supporting residents, partners and businesses respond to the pandemic to keep communities stay safe. Guidance had been issued to the Borough's faith communities and best practice across various parts of the country were being reviewed to help manage possible future local outbreaks; and
- The Council was working with its companies to ensure they were aware of how to manage any shared risks posed by the pandemic.

Internal Audit Report 2020/21 - Quarter 1 and Quarter 2

At 16th November 2020 meeting, the Committee received a report on an update on Quarter 2 of Internal Audit's work and progress against the Internal Audit Plan as of 30 September 2020, noting that most of the actions had been completed, with progress as to the others having already been reported on.

Counter Fraud 2020-21: Quarter 2 Report

On 16th November 2020, the Council's HOA presented a report which provided an update on Quarter 2 of the Corporate Fraud and Housing Investigations teams' work.

The Committee sought assurance around the Council's Whistleblowing Policy and the protections that the Council could offer to individuals coming forward. It noted that there was also a named Whistleblowing Officer that these individuals could approach. In some cases, allegations were also made anonymously, which were generally more difficult to deal with.

Members noted that the number of reported allegations of fraud overall had dropped during the Covid-19 pandemic; however, the team were currently investigating some irregular business grants claims relating to funding available to support businesses during the period that restrictions were in place to control the pandemic. The Committee commended the team's hard work at the start of the restrictions which centred around disseminating information for Council officers around what to look out for and how to safely amend Council business practices to help to prevent fraud.

Corporate Risk Register Update

The Committee considered a report on the Council's Corporate Risk Register in November 2020 with an update on how risk continued to be monitored and managed at the most strategic level. There were 14 corporate risks identified in the Register, which were outlined in the report along with their current statuses. The Independent Advisor to the Committee praised the brevity of the Risk Register, which provided a better focus as a useful tool for the Council's Senior Management.

Counter Fraud Policies & Strategy 2020

The Committee noted a report on the Counter Fraud Policies and Strategy 2020, outlining the changes that had been made in relation to the Regulation of Investigatory Powers Act Policy, as well as more minor changes that reflected the evolving nature of the Council and its structure.

Lessons learnt from the 2018/19 Accounts Audit

The first meeting of the 2021 took place on 18th January and the Committee received an update from the Council's Chief Financial Officer on the lessons learnt from the 2018/19 Accounts Audit. Both the External Auditors (BDO) and the Council's Corporate Finance Team were keen to undertake a review to better understand the reasons why delays had occurred during the 2018/19 Accounts Audit and how best to avoid a repeat situation from reoccurring. A Root Cause Analysis (RCA) approach was suggested by BDO, to provide a structured way to organise the review, with an external facilitator.

Six half day sessions were attended by Council officers and BDO auditors, to agree a problem statement and hold discussions into any underlying causes, effects, mitigations and solutions. As a result of this process, over 90 solutions had been identified and the analysis of these was currently being undertaken.

The focal point of the lessons learnt review was that the audit had not been completed in a timely fashion. This statement had enabled both Council officers and BDO to branch off into different areas that they had collectively agreed. Council officers and BDO looked into different causal paths, noting the different root causes that had resulted in the audit not being completed in a timely fashion.

Through the four elements of the cause-and-effect analysis, Council officers and BDO were able to consider each other's perspectives as to the difficulties behind the audit process, look carefully at what had caused those issues to occur and continue to branch out further to understand any problems. A lot of the solutions that had been suggested as part of the lessons learnt process had already been considered as part of the planning for the 2019/20 accounts audit.

The Council's Chief Accountant had developed a plan to deliver the 2019/20 accounts. He had already reflected on what could have been improved, with many of these suggestions having been reflected on as part of the Root Cause Analysis. Part of the process that the Council and BDO went through was to evaluate each solution

and identify which ones were feasible. If any solutions were not feasible, these were discounted and removed from the process of work.

External Audit Plan 2019/20

The Committee received BDO's External Audit Plan for 2019/20 at 18th January 2020 meeting. It was the objective of BDO to complete the 2019/20 accounts audit by April 2021 and that they had added extra resources to their team in order to facilitate this.

The Committee was informed that one of the mechanisms introduced as a result of the Root Cause Analysis had been to increase the number of meetings, at both operational and strategic levels. This had resulted in a weekly update on the progress of the audit. If there was any slippage, BDO was working with their team and with the Council's Corporate Finance team to ensure that work could be caught up.

Implications of the Redmond Review on the Council and the Audit and Standards Committee

The Committee received a report from the Chief Financial Officer on the implications of the Redmond Review on the Council and the Audit and Standards Committee. The Redmond Review was commissioned by the Government to review the transparency and quality of the local audit market, and following its publication in September 2019, the Review made several recommendations which could be considered by both Central and Local Government. Those which could be implemented by Local Authorities, without a change in legislation, were detailed within the report and were examined by the Committee.

One of the recommendations was a Statement of Summarised Accounts and to link these back to the Council's budget. The aim was to simplify the information that was in the accounts into layman's terms. This would therefore help all Members across the Council, as well as members of the public, to understand the content of the Statement of Accounts and whether the Council was delivering an effective public service that delivers value for money services.

Another reason that the Statement of Summarised Accounts were to be standardised, was to allow comparisons to be drawn between different Councils. There was currently some discretion as to what councils had to include in their statutory accounts and the format that these took, which could make comparing the statutory accounts of different councils difficult. With standardised statements across the entirety of the local government sector, it would be much easier to make comparisons between different councils.

The Committee was awaiting further guidance on the standardisation of these statements, which they were expecting to come from the Chartered Institute of Public Finance and Accountancy (CIPFA), with a possible trial for the Council's 2020/21 accounts.

There was a recommendation for the External Auditor to submit an annual report to Full Council (Assembly). However, this recommendation was notwithstanding any other reports that the Committee may have wished to produce. The Committee agreed, considering the recommendations, to produce its own annual report.

The Committee also agreed, as part of its response to the review, to appoint an independent member to the Committee with technical expertise and to formalise the facility of the Chief Executive, the Chief Financial Officer and the Monitoring Officer to meet the key audit partner at least annually.

Standards Complaints

The Committee received updates at every meeting on complaints received, and how they were being processed, throughout the year from the Head of Law.

ASSEMBLY**2 March 2022**

Title: External Auditor Appointment for 2023/24 to 2027/28	
Report of the Chief Financial Officer	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Philip Gregory, Finance Director	Contact Details: E-mail: Philip.Gregory@lbbd.gov.uk
Accountable Director: Philip Gregory, Finance Director	
Summary	
<p>This report sets out the arrangements for the appointment of external auditors to Local Authorities, and the options available to the Council following on from the current contract period which runs until the completion of the 2022/23 financial year audit.</p> <p>In compliance with the Local Audit and Accountability Act 2014 an external auditor must be appointed for a financial year not later than 31 December in the preceding financial year. For an external auditor to be appointed for the 2023/24 financial year an appointment must be made by 31 December 2022.</p>	
Recommendation(s)	
<p>The Assembly is recommended to:</p> <ul style="list-style-type: none"> (i) Note the options appraisal set out in the report for appointing an external auditor for the financial years 2023/24 onwards; and (ii) Endorse the recommendation of the Audit and Standards Committee that the Council accepts the Public Sector Audit Appointments Limited (PSAA) invitation to 'opt in' to the sector-led body procurement option, conducted by PSAA, for the appointment of external auditors for the five-year period commencing 1 April 2023. 	
Reason(s)	
<p>The external audit is a statutory requirement that provides reassurance that the Council is a Well Run Organisation and is achieving Value for Money from its use of resources.</p>	

1. Introduction and Background

- 1.1 The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council opted into the 'appointing person'

national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.

- 1.2 PSAA is a subsidiary of the Improvement and Development Agency (IDeA) which is wholly owned by the Local Government Association. It was set up in 2014 and, under the provisions of the Local Audit (Appointing Person) Regulations 2015, specified as an appointing person for local government organisations for audits from 2018/19 onwards.
- 1.3 PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to determine their external audit arrangements from 2023/24. There a number of options available including arranging their own procurement and making the appointment themselves or in conjunction with other bodies, joining and taking advantage of the national collective scheme administered by PSAA.
- 1.4 If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at full Council. The opt-in period started on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council needs to return completed opt-in documents to PSAA by 11 March 2022.
- 1.5 In accordance with Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, the authority will need to make the decision to opt in at full Council but this report is being brought to the Audit and Standards Committee for their prior review and consideration.

2. Proposal and Issues

- 2.1 Under the Local Government Audit & Accountability Act 2014 (“the Act”), the council is required to appoint an auditor to audit its accounts for each financial year. The appointment of a new auditor may last more than one year but a new appointment must be made once every five years.
- 2.2 The appointed auditor will undertake the statutory audit of accounts and Best Value assessment of the council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.
- 2.3 The auditor must act independently of the council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.
- 2.4 The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC), employ authorised Key Audit Partners to oversee the work. As the report below sets out there is a currently a shortage of registered firms and Key Audit Partners. Below is a summary table of all firms, with the numbers of licensed audit partners and current major local audits undertaken at each firm.

Licensed Local Audit firms	Licensed Audit Partners	Number of Audits
Azets Audit Services Limited	2	-
BDO LLP	7	16
Cardens Accountants LLP	1	-
Deloitte LLP	9	16
Ernst & Young LLP	14	73
Grant Thornton UK LLP	27	122
KPMG LLP	25	25
Mazars LLP	10	46
PricewaterhouseCoopers LLP	4	1
Grand Total	99	299

2.5 Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the course of the next audit contract.

2.6 Councils therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

The External Audit market

2.7 Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements, and local audit fees had been reducing over a long period. 98% of those bodies eligible opted into the national scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.

2.8 During 2018 a series of financial crises and failures in the private sector led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government: Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator; the Competition and Markets Authority review of the audit market; Sir Donald Brydon's review of the quality and effectiveness of audit; and Sir Tony Redmond's review of local authority financial reporting and external audit. The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.

2.9 The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible. To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been needed than in prior years.

- 2.10 This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with COVID-19 creating further significant pressure for finance and audit teams.
- 2.11 None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the past two years.
- 2.12 The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office), the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.
- 2.13 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.
- 2.14 The PSAA, in its response to the market challenges, has changed its national contract weighting from a price:quality split of 80:20 in the 2017 procurement to a 50:50 split in the upcoming procurement exercise.
- 2.15 PSAA is now inviting the Council to opt in for the second appointing period, for 2023/24 to 2027/28, along with all other eligible authorities. Based on the level of opt-ins it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to be the Council's auditor. Details relating to PSAA's invitation are provided in an Appendix to this report.

3. Options Appraisal

- 3.1 There are essentially three options available to Barking and Dagenham in procuring and appointing the next auditor for the 2023/24 financial year audit:
- i. undertake an individual auditor procurement and appointment exercise;
 - ii. undertake a joint audit procurement and appointing exercise with other authorities, for example those in the same locality; or
 - iii. join PSAA's sector led national auditor appointment scheme.

Appointment by the Council itself or jointly

- 3.2 The Council may elect to appoint its own external auditor under the Act, which would require the Council to:

- a) Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.
 - b) Manage the contract for its duration, overseen by the Auditor Panel.
- 3.3 Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.
- 3.4 While a local auditor panel would ensure full ownership of the tender process and contract parameters, there are administrative challenges and costs associated with setting up a panel; including attracting and appointing suitably qualified panel members, and the costs associated with its running.
- 3.5 There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation, as presented in section 2.4. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, however audit firms may be disinterested in a local procurement exercise due to the high overhead of submitting bespoke papers to individual exercises. There is a risk that contracts will not provide value for money, and further, given the national scheme will provide the vast majority of local audit work to firms, an independent tender may not generate any interest at all from the market.

The national auditor appointment scheme

- 3.6 The national PSAA scheme offers authorities the simplest and most economical route to auditor appointment. It avoids the need to undertake an auditor procurement and ongoing contract management activities (such as fee variation management), saving local time, effort and cost; and negotiating contracts with the audit firms nationally maximises the opportunities for maximising value for money for the whole sector.
- 3.7 PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.
- 3.8 In summary the national opt-in scheme provides the following:

- the appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- minimising the scheme management costs and returning any surpluses to scheme members;
- consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed;
- consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- ongoing contract and performance management of the contracts once these have been let.

3.9 The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:

- seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;
- continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme);
- continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 it returned a total £3.5million to relevant bodies and in 2021 a further £5.6million was returned.

3.10 PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.

3.11 As PSAA is set up as an independent appointing person it negates the need to establish a local auditor panel, which could be difficult, costly and time-consuming. PSAA also provides the most independent option to auditor appointment and contract management.

3.12 The PSAA itself has considerable expertise and experience in the role of appointing auditors, with a dedicated team that is familiar with the relevant regulations to

appoint auditors, manage contracts with audit firms, and set and determine audit fees.

Assessment of options and officer recommendation

- 3.13 All of the above options require a local auditor to be appointed no later than 31 December 2022. Legislation requires an independent auditor panel to make the appointment.
- 3.14 The benefits of pursuing local control over the auditor procurement and appointment process are limited by the pre-defined scope of the audit, and the limited contract levers available for contract management.
- 3.15 In addition, the relatively small market means that consideration needs to be given to the likelihood of obtaining sufficient interest in an independent procurement strategy. There is a real risk that an independent procurement would not achieve value for money. Audit fees are anticipated to increase from their current levels to address existing market failings and increased audit requirements, and through economies of scale the PSAA scheme will provide the best mitigation against this.
- 3.16 The national offer provides the appointment of an independent auditor with limited administrative cost to the council. By joining the scheme, the council would be acting with other councils to optimise the opportunity to influence the market that a national procurement provides.
- 3.17 The recommended approach is therefore to opt in to the national auditor appointment scheme.
- 3.18 Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in to the PSAA national scheme or to appoint auditors directly must be made by a meeting of the Council.
- 3.19 The Council then needs to respond formally to PSAA's invitation in the form specified by PSAA by the close of the opt-in period (11 March 2022).
- 3.20 PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022 and will then consult with authorities on the appointment of auditors so that it can make appointments by the statutory deadline of 31 December 2022.

4. Consultation

- 4.1 The proposals in this report were considered and endorsed by the Corporate Strategy Group at its meeting on 16 December 2021.

5. Financial Implications

Implications completed by: Philip Gregory, Finance Director

- 5.1 There is a risk that current external audit fee levels could increase when the current contracts end. It is clear that the scope of audit has increased, requiring more audit

work. There are also concerns about capacity and sustainability in the local audit market.

- 5.2 Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible, while ensuring the quality of audit is maintained, by entering into a large scale collective procurement arrangement.
- 5.3 If the national scheme is not used additional resources will be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees from 2023/24.

6. Legal Implications

Implications completed by: Dr Paul Feild Senior Governance & Standards Lawyer

- 6.1 Section 7(1) of the Local Audit and Accountability Act 2014 (the 2014 Act), requires the Council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.
- 6.2 Section 8 of the 2014 Act governs the procedure for appointment including that the Council must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Schedule 3(1) of the 2014 Act provides that where a relevant Council operates executive arrangements, ie Leader and Cabinet then function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the Council under those arrangements. By definition this function would be for the Councils Assembly.
- 6.3 Section 12 makes provision for the failure to appoint a local auditor. The Council must immediately inform the Secretary of State, who may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.
- 6.4 Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 No192 and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

7. Other Implications

- 7.1 **Risk Management** – The principal risks are that the Council:
 - fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
 - does not achieve value for money in the appointment process.

These risks are considered best mitigated by opting into the sector-led approach through PSAA.

Public Background Papers Used in the Preparation of the Report:

- **PUBLIC ACCOUNTS AND AUDIT SELECT COMMITTEE, 5 Dec 2016:** Options for the Appointment of an External Auditor.
<https://modgov.lbbd.gov.uk/internet/documents/s107932/Report.pdf>
- **ASSEMBLY, 25 Jan 2017:** Options for the Appointment of an External Auditor.
<https://modgov.lbbd.gov.uk/internet/documents/s109240/Report%20-%20External%20Auditors%20Appointment.pdf>

List of appendices:

- Appendix 1: Invitation to opt into PSAA national scheme for auditor appointments
- Appendix 2: Extract from CIPFA Guide to Auditor Panels

This page is intentionally left blank

Appendix 1

Invitation to opt into PSAA national scheme for auditor appointments



22 September 2021

To: Mr Naylor, Chief Executive
London Borough of Barking and Dagenham

Copied to: Mr Gregory, S151 Officer
Councillor Bright, Chair of Audit Committee or equivalent

Dear Mr Naylor,

Invitation to opt into the national scheme for auditor appointments from April 2023

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our [website](#) which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at ap2@psaa.co.uk. We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to ap2@psaa.co.uk, and we will respond to you.

Yours sincerely

Tony Crawley
Chief Executive

Encl: Summary of the national scheme

Appendix 2

CIPFA Guide to Auditor Panels extract

Possible Advantages	Possible Disadvantages
Setting up own separate panel	
<ul style="list-style-type: none"> - Full ownership of the process - Fully bespoke contract with the auditor - Tendering process more based on local circumstances (within EU procurement rules) 	<ul style="list-style-type: none"> - May experience difficulties in appointing majority independent panel members and independent panel chair as per the regulations - Will need to ensure that panel members are suitably qualified to understand and participate in the panel's functions - Will have to cover panel expenses completely - May not be able to procure at a lower cost, for example, depending on authority location, where there will be a risk of limited provider choice and a single authority contract may be less attractive to some providers - Will not achieve economies of scale
Setting up a joint panel with other authority(ies) as part of joint procurement	
<ul style="list-style-type: none"> - Less administration than sole auditor panel - Will be able to share the administration expenses - May be easier to attract suitable panel members <p><i>If procuring a joint audit contract:</i></p> <ul style="list-style-type: none"> - May still be a relatively locally tailored process - May be able to achieve some economies of scale <p><i>If procuring separate audit contracts:</i></p> <ul style="list-style-type: none"> - An opportunity for fully bespoke contracts with the auditor if the group of authorities can agree 	<p><i>If procuring a joint audit contract:</i></p> <ul style="list-style-type: none"> - May need to compromise on the arrangements or auditor contract - May not end up with first choice of auditor, compared to an individual auditor panel. If a large group of authorities work together and decide to appoint one joint audit contract across all the authorities, a joint panel may be more likely to advise appointment of an auditor it considers suitable for all authorities taken together - Need to agree appointment of members across multiple authorities and set up an appropriate joint decision-making process
Using another authority's panel	
<ul style="list-style-type: none"> - Will not have to set up an auditor panel - Arguably most independent option for the authority using the host authority's panel 	<ul style="list-style-type: none"> - The panel may not understand the specific needs of the authority - May need to enter into a formal arrangement with the other authority - May be difficult to find an authority willing to enter into such an arrangement - May be more difficult to ensure adequate liaison with authority's own audit committee (if one exists)

Appendix 2

CIPFA Guide to Auditor Panels extract

ASSEMBLY**2 March 2022**

Title: Shareholder Governance Review	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: Yes
Report Author: Idit Chrysostomou, Corporate Investment and Contract Manager	Contact Details: E-mail: idit.chrysostomou@lbbd.gov.uk
Accountable Director: Hilary Morris, Commercial Director	
Accountable Strategic Director: Claire Symonds, Acting Chief Executive	
<p>Summary</p> <p>Following the successful delivery of the Ambition 2020 Strategy, the Council's portfolio of wholly owned companies has been in operation for approximately four years. The rationale for setting up the companies was to enable them to operate independently of the Council, to generate income from external trade whilst maintaining a social dividend ethos.</p> <p>In the past year the Council's Commercial team, in collaboration with the Inclusive Growth Commissioning team, Finance and Legal services has undertaken a review of the Shareholder end-to-end governance arrangements. The purpose of this review was to provide assurance that the governance arrangements remain fit for purpose, as well as provide an opportunity to consider whether any governance good practice recommendations highlighted in recent public interest reports should be considered for implementation here.</p> <p>The conclusion of the review was that there were no significant concerns regarding governance and arrangements are broadly in line with good practice however, there were some recommendations for improvements reflecting the maturing relationship between Shareholder Panel and the Companies.</p> <p>This report was considered and endorsed by the Cabinet at its meeting on 21 February 2022.</p>	
<p>Recommendation(s)</p> <p>Assembly is recommended to:</p> <p>(i) Endorse the proposal that the Chief Executive, in consultation with the Shareholder Panel, be authorised to agree any non-strategic reserved matters requiring the approval of the Council as Shareholder;</p>	

<p>(ii) Note that all strategic reserved matters shall continue to be the responsibility of the Cabinet on behalf of the Council; and</p> <p>(iii) Approve the proposed amendment to the Officer Scheme of Delegation (Part 3, Chapter 1 of the Council’s Constitution) as shown in paragraph 6.1(q) and (r) in Appendix 1 to the report, in order to implement (i) above.</p>
<p>Reason(s)</p> <p>Supporting the Council in achieving one of its four priorities - Well Run Organisation</p>

1. Introduction and Background

1.1 The Council has ownership/control of 16 corporate vehicles (called ‘companies’ in this report although they include Limited Liability Partnerships) as at January 2022. The structure of each company and the control exercised through them varies depending on how the Company has been set up and the function it fulfils. The total list of Council owned/controlled corporate vehicles are:

- Be First (Regeneration) LTD (10635656)
- Be First Developments (Muller) Limited (12432222)
- Barking and Dagenham Reside Ltd (7706999)
- TPFL Regeneration Limited (7706993)
- Barking and Dagenham Reside Regeneration Ltd (09512728)
- Barking and Dagenham Reside Abbey Roding LLP (OC 399130)
- B& D Reside Regeneration LLP (OC 400585)
- B& D Reside Weavers LLP (OC416198)
- Barking and Dagenham Homes Ltd (12090374)
- Barking and Dagenham Trading Partnership Ltd (10892844)
- BD Together Ltd (11124384)
- BD Corporate Cleaning Ltd (11124452)
- BD management Services LTD (11268239)
- BD Service Delivery LTD (11268271)
- Londoneast-uk Limited (09177951)
- B& D Energy Limited (10088491)

1.2 However, these companies are structured into four ‘portfolios’ for internal governance purposes. These are: Be First, Reside, Barking and Dagenham Trading Partnership and B&D Energy Ltd.

1.3 The strategic objectives of each portfolio are set out within annual rolling Business Plans, which require Cabinet approval, with monitoring of the in-year performance against business plan targets being undertaken by the Shareholder Panel. This proactive governance framework enables constructive challenge on strategic performance matters, as well as ongoing dialogue on the companies’ direction of travel, to ensure they remain committed to, and supporting delivery of the Council’s aspirations.

- 1.4 The Shareholder Governance Framework was audited in March 2019, with a follow-up report in April 2021. Both audits assessed the controls as reasonable within the areas; expectations of Council owned companies, governance structure, risk management, oversight and decision making.
- 1.5 However, over the last four years the governance framework has undergone a period of maturation with companies' quarterly performance reports undergoing a key officer review process prior to a quarterly Shareholder Panel challenge session. The maturation of the governance function is most evidenced by the increased frequency of shareholder performance monitoring that was implemented in response to increased levels of risk and complexity within trading environments during the first lockdown.
- 1.6 The key to the current governance framework is that the controls are focused on strategic matters of delivery and associated risks, at both company and portfolio level, with operational and commissioning issues being addressed within established officer frameworks.
- 1.7 However, it is good practice to review governance arrangements on a periodic basis, to ensure they remain fit for purpose. The publication of a number of public interest reports that reviewed the adequacy of other Local Authority governance arrangements also provided an opportunity to consider whether any further improvements could be made.

Project activities

- 1.8 The approach to the project was to enable a proactive dialogue between LBBD stakeholders and the companies – acknowledging that the companies are separate legal entities with independent boards that manage business of the companies. In line with its Terms of Reference, the role of the Shareholder Panel is to monitor the companies' performance against business plan targets on a quarterly basis and their revised business plans annually. It considers these and other reserved matters which require Shareholder approval (or LLP Member approval in the case of LLPs) and makes recommendations to Cabinet accordingly.
- 1.9 Each of the companies' performance is directly overseen by an independent company board. The board's role is to provide assurance over the company's ability to deliver shareholder objectives. A key component of the governance framework is to ensure the right balance between Council oversight as the shareholder over matters of strategic importance, versus enabling the companies and their boards to operate and make decisions independently of the Council over non-strategic day-to-day administration of business operations.
- 1.10 The review of governance and reporting documents and of Companies' boards was intended to assure that the Companies and Shareholder Panel are delivering on their commitments; governance provisions are aligned to the Council's single performance framework, that business plans and company performance reporting clearly demonstrate that Shareholder Terms of Reference and Shareholder Agreement controls are being met.
- 1.11 The scope of the project was to assess internal governance and reporting documents and processes. In light of external events in local government the scope

of documents to be reviewed was expanded to recent public interest reports - to consider LBBD's own arrangements against the issues that were brought to light as well as against best practice. One of the key objectives of the review was to ensure that any suggested changes are considered holistically across the portfolio of companies.

1.12 The project was delivered by an officer-led steering group consisting of commercial services, key commissioners, finance and legal services and involved ongoing engagement with key internal stakeholders, the companies' boards and formal Council governance bodies. All parties were invited to provide their views as to how governance controls and processes were working for them and to make suggestions for improvement.

1.13 Project activities were made up of two main components;

- a. a companies' boards effectiveness review - to assess the boards' performance as a unit.
- b. an "as is" review – to review governance arrangements reporting processes.

1.14 **Companies' boards effectiveness review**

1.14.1 In order to ensure appropriate governance of the companies and regular oversight of performance against objectives, the Cabinet created a Shareholder Panel to monitor the companies' performance quarterly (or more regularly if required), performance reports and challenge sessions and provides oversight to the Business Plans prior to recommending these for approval to Cabinet. Each of the companies has a managing director or chief executive, tasked with delivering the performance required, to achieve the objectives as set out within the approved Business Plans.

1.14.2 The Companies performance is directly overseen by a Company Board which is made up of a number of Executive and Non-Executive Directors. Their role is to provide assurance over the integrity of the information, the ability of the Company to deliver the shareholder objectives as well as provide assurance that the controls and systems of risk management are robust and defensible, and that performance is delivered.

1.14.3 Best practice governance for commercial companies recommends boards self-evaluate their effectiveness on a regular basis. Listed companies and many regulated entities in the UK are required to do so annually and the UK was one of the first countries to introduce the requirement for external board evaluations for Financial Times Stock Exchange (FTSE) 350 companies.

1.14.4 Our corporate vehicles are private limited companies and limited liability partnerships not Publicly Listed and certainly not in the FTSE 350 and are therefore not legally required to undertake external board evaluations. However, a Board Effectiveness review was commissioned by the Council for Be First, Reside, Barking and Dagenham Trading Partnership and B&D Energy in accordance with that recommended good practice. This part of the project was delivered by an external Commercial Law Barrister who assessed the boards performance using a combination of questionnaires, interviews and observations of board meetings. This approach ensured consistency in the way the review was undertaken, as well as

buy-in for recommendations made, as these were more likely to be accepted as independent and objective. All of the Council wholly owned companies participated in this process and each Company Board received its own independent report with recommendations to consider and implement. It is anticipated that each Company will report progress against any recommendations within their next annual business plan.

1.14.5 In summary, the board evaluations did not highlight any significant concerns regarding the effectiveness of any of the Council's Company boards. Although the recommendations differed for each Company, they included:

- formalising an annual board agenda cycle;
- formalising annual reviews of risk management procedures and internal controls; and
- annually considering all aspects of board and senior executive appointments.

1.14.6 Formalising an approach to succession planning for Board appointments, to ensure the Boards retained appropriate skills and experience as well as a plan to stagger the retirement (where appropriate) of existing directors and recruitment of new appointees, was also a common theme across the four portfolios which reflects the maturity and evolving nature of the businesses.

1.15 "As is review"

1.15.1 This exercise was undertaken by reviewing internal governance documents (such as Shareholder Panel Terms of Reference, Shareholder Agreements (Member Agreements in the case of LLPs) and performance reports) as well as recent public interest reports, following external events in relation to other councils owned companies and associated governance arrangements. These included Croydon's Grant Thornton and PwC reports, Nottingham's Robin Hood Energy Agreement, Review of Governance Arrangements for Bristol City Council and a Review of Brick-by-Brick Croydon Limited.

1.15.2 Discussions with other Councils and Officers who work in similar environments revealed that LBBD's governance arrangements are considered mature and demonstrate good practice enabling effective end-to-end governance controls and processes. For example, one of the key differences noted with our portfolio was in the make-up of companies' boards which were not always managed by independent Non-Executive Directors which often created conflicted priorities in the decision-making process.

1.15.3 Another example from one of the public interest reports was in relation to the process for approving investment decisions into companies, which in some was a fast-track process and with instances where it was also secured retrospectively. This approach to borrowing and investments exposed that Council to significant financial risk. The governance framework within LBBD requires that investment decisions are considered and approved in advance and on the basis of a detailed report, considering reserves and borrowing levels at Group level (i.e. to include the companies). These are monitored by the Investment Panel, including performance against company loans, and are reported to the Cabinet and Assembly during the year as part of company business plans, Treasury Management reports and other budget monitoring arrangements.

- 1.15.4 Delivery of the project has provided an opportunity to consider and reflect on challenges and complexities external events have created for the companies, for example changes to fire regulations as a result of Grenfell, Brexit and COVID-19. We recognise that no amount of changes will legislate for every eventuality but these changes are designed to create a clear process of authority to act quickly in the decision-making process, in relation to items which do not alter the companies' underlying strategies and/or business plans.
- 1.15.5 Project recommendations for improvement were formally endorsed by Corporate Strategy Group and Shareholder Panel in October 2021. These suggested improvements are a positive testament to the maturing relationship between Shareholder Panel and the Companies and will provide for a simplified process. Implementation of these will provide the right balance between allowing the Council, as the Shareholder, the ability to exercise strategic oversight of the companies' objectives, whilst balancing the day-to-day administration matters to be reserved for the Shareholder Panel to make recommendations to the Chief Executive.

2. Proposal and Issues

- 2.1 The Council Constitution states that the role of Cabinet in relation to the Council-owned companies is to consider their business plans as well as other strategic matters and strategies. It is currently silent in relation to oversight of other reserved matters, which are key to enable an effective running of the companies but ultimately do not alter their underlying strategies. This results in certain items being submitted for Cabinet approval which are seen as a disproportionate measure for the relatively minor tasks at hand.
- 2.2 In acknowledgement of Shareholder Panel and the Companies' Boards being better established while ensuring continued transparency and compliance with Council protocols, it is recommended that similarly to Investment Panel, the Shareholder Panel should have the ability to make recommendations to the Council's Chief Executive (in line with existing delegated powers parameters) rather than for all reserved matters to require Cabinet approval. This approach would, for example, enable approval of minor changes to business plans, changes of companies' auditors, changes to Shareholder Agreements and extension of Companies Chairs/NEDs appointments to be approved by the Chief Executive in consultation with the Shareholder Panel. All strategic matters will continue to be submitted for Cabinet approval.
- 2.3 Enabling the Chief Executive, in consultation with Shareholder Panel, to approve certain reserved matters will provide for a simplified process for approving non-strategic company matters and support good functioning of the companies' boards, enabling them to effectively manage their business while not reducing the balance of Shareholder control.
- 2.4 Approval of this change requires amendment to the Officer Scheme of Delegation (Part 3, Chapter 1 of the Council's Constitution) in respect of the Chief Executive's responsibilities and the proposed wording is highlighted in Appendix 1 at paragraph 6.1(q) and (r).

3. Consultation

- 3.1 The proposals in this report were considered and endorsed by the Shareholder Panel on 4 October 2021, the Corporate Strategy Group on 21 October 2021 and the Cabinet on 21 February 2022.

4. Financial Implications

Implications completed by: Thomas Mulloy, Chief Accountant

- 4.1 The proposed arrangement enhances the overall governance from an operational perspective. This will assist the operations with no impact on financials.
- 4.2 Another outcome of the project is a streamlined and consistent financial data format across the companies, which will ensure the Council can maintain a strong oversight of the individual subsidiaries' financial performance throughout the year. Additionally, it will help enhance forecast outturn position as well as the overall financial governance.

5. Legal Implications

Implications completed by: Ian Chisnell, Locum Major Projects Lawyer

- 5.1 The Council has various powers to set up Companies, Limited Liability Partnerships and other commercial vehicles. The main one is s1 of the Localism Act 2011.
- 5.2 If the Council intends to use the vehicle for a commercial purpose, s2 of the Localism Act 2011 requires it to be a company as defined in s1(1) of the Companies Act 2006. Those companies referred to in this report are companies limited by shares.
- 5.3 There are other statutory provisions relating to the setting up and governance of companies in other legislation such as Part V of the Local Government and Housing Act 1989 and the Local Authorities (Companies) Order 1995, which define controlled and influenced companies and their regulation. Most of the Council's companies are wholly-owned and would be described as being 'controlled'.
- 5.4 A Company is run by its Board of Directors under its Articles. The Directors have various statutory duties and their responsibility is to the Company, not the owner. Accordingly, the Council has a shareholder agreement in place with its Companies to deal with governance matters that restricts certain of its powers (such as to borrow money) and requires it to report to it on a regular basis on certain matters identified in this report.
- 5.5 The position is similar with the LLPs except that such governance matters would be included in the partnership deed that underpins the LLP.
- 5.6 The Council funds the Companies via loans or equity (shares) and in so doing must have regard to the principles of Public Subsidy, the UK post-Brexit replacement for State Aid.

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

List of appendices:

- **Appendix 1** – Proposed revisions to Officer Scheme of Delegation (Part 3, Chapter 1, Council Constitution)

Extract from Part 3, Chapter 1 – Officer Scheme of Delegation

6. The Interim Chief Executive and Managing Director (Head of Paid Service)

- 6.1 With the exception of those matters reserved to Member-level meetings or other specific provisions within this Constitution, the Interim Chief Executive and Managing Director shall:
- (a) exercise overall responsibility for all corporate, policy, employment commercial and operational matters;
 - (b) be the Council's principal adviser on all matters of policy;
 - (c) in exceptional circumstances, such as a civil emergency, during a void in political leadership or to maintain the efficient and effective governance of the Council, take any decision on behalf of the Council (after consultation with the Leader where appropriate / feasible);
 - (d) exercise overall responsibility for promoting the community leadership role of the Council with Government Departments and other agencies, and other national, regional and local authorities;
 - (e) exercise overall responsibility for all employment matters for all staff (except those reserved to member-level meetings) including disciplinary, grievances, job evaluation, selection for redundancy where there is no appeal against dismissal, appeals in respect of gradings, appeals in respect of harassment and bullying, refusal of retaining employees beyond retirement age, injury allowances, discretionary early retirements, efficiency retirements, discretionary death grants (in cases where employees are not married), early payment of preserved benefits, and all matters relating to restructuring/ reorganisation except those reserved to the JNC Salaries and Conditions Panel;
 - (f) determine the settlement of employment matters in the best legal and financial interests of the Authority, having taken appropriate advice from the Chief Financial Officer, the Strategic Director, Law and Governance and the Director of Workforce Change;
 - (g) nominate Chief Officers, as appropriate, to hear appeals against first and second written warnings on the grounds of misconduct, sickness absence and capability, and grievance appeals; and first stage appeals against final written warnings.
 - (h) be responsible for securing implementation of the Council's decisions within the agreed Policy Framework to ensure the overall effectiveness of the Council's services;
 - (i) investigate disciplinary matters, with the involvement of an independent person, against the Monitoring Officer and Chief Financial Officer;

- (j) be responsible for determining Civil Contingency services, with operational responsibility for the provision of these services being delegated to the Strategic Director, Law and Governance as deputy to the Chief Executive in relation to this matter;
- (k) appoint a Proper Officer for the purpose of any statutory function which is not covered by this Scheme;
- (l) be responsible for setting the strategic management arrangements for the Council and for the allocation of roles to Directors other than those which are statutorily prescribed;
- (m) be responsible for the Council's strategic response to the recovery from the COVID-19 pandemic.
- (n) constitute an Investment Panel to advise on the implementation of the Council's Investment and Acquisition Strategy by appraising individual investment decisions and development schemes and, where appropriate, have authority to approve recommendations from the Panel, except those which are the Cabinet's responsibility;
- (o) negotiate terms and agree investment proposals and land and property acquisitions for projects within the Investment and Acquisition Strategy and the Be First Business Plan, in consultation with the Strategic Director, Law and Governance, the Chief Financial Officer and the relevant Cabinet Members, on the advice of the Investment Panel;
- (p) exercise delegated authority, advised by the Investment Panel, to:
 - (1) agree, in consultation with the Chief Financial Officer, the appropriate source(s) of funding for each individual approved development proposal;
 - (2) approve, in consultation with the Chief Financial Officer, the draw-down of development funding from the development facility subject to:
 - (i) a positive recommendation to proceed with each individual development proposal by the Investment Panel; and
 - (ii) that the funding for the facility, any drawn downs and borrowing costs are provided for in the Council's Medium Term Financial Strategy and the Chief Financial Officer is satisfied that the funding is in line with statutory guidance on local authority investments and is state aid compliant.
 - (3) agree, in consultation with the Strategic Director, Law and Governance:
 - (i) the terms and form of such legal agreements (as are necessary) to give effect to the development facility and to enter into such agreements on behalf of the Council;
 - (ii) the terms and form of legal agreements to give effect to the draw-downs as referred to above, including instruments

providing security to the Council, and to enter into such agreements or security documents on behalf of the Council.

- (4) approve the allocation of additional funding approved by the Cabinet for Be First, subject to the Chief Financial Officer being satisfied that it is financially prudent to do so;
- (5) approve, in consultation with the Strategic Director, Law and Governance and the Chief Financial Officer, the entering into (by Be First or the Council) of any agreement or commitments required to enable the delivery of the Council's capital programme as commissioned subject to:
 - (i) compliance with relevant procurement and state aid law;
 - (ii) being satisfied as to the appropriate terms and financial implications;
 - (iii) being satisfied that the terms of such agreements or commitments would not cause the Council to be in breach of its Constitution.
- (6) approve, in consultation with the Strategic Director, Law and Governance and the Chief Financial Officer, the entering into (by Be First or the Council) of any agreement or commitments required to enable the delivery of any approved schemes within the Council's Investment and Acquisition programme subject to:
 - (i) the endorsement of the Council's Investment Panel;
 - (ii) compliance with relevant procurement and state aid law;
 - (iii) being satisfied as to the appropriate terms and financial implications;
 - (iv) being satisfied that the terms of such agreements or commitments would not cause the Council to be in breach of its Constitution.
- (q) **constitute a Shareholder Panel to be responsible for the regular monitoring of the performance of Council-owned companies and other corporate vehicles against their annual business plan targets, monitoring of strategic objectives and their delivery and associated risks and consideration of all reserved matters in accordance with relevant company Shareholder and other Agreements;**
- (r) **exercise delegated authority, in consultation with the Shareholder Panel, in respect of any non-strategic reserved matters requiring the approval of the Council as Shareholder or partner (Note: all strategic reserved matters shall continue to be the responsibility of the Cabinet).**

6.2 The Interim Chief Executive and Managing Director is the Council's Senior Information Risk Officer (SIRO).

This page is intentionally left blank

ASSEMBLY**2 March 2022**

Title: Review of the Council's Procurement Governance Arrangements	
Report of the Cabinet Member for Finance, Performance and Core services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Euan Beales, Head of Procurement	Contact Details: Tel: 020 8227 E-mail: euan.eales@lbbd.gov.uk
Accountable Director: Hilary Morris, Commercial Director	
Accountable Strategic Leadership Director: Abi Gbago, Strategic Director of Inclusive Growth	
<p>Summary:</p> <p>Following the return of Procurement Services from Elevate in February 2020, work has been progressing to develop a new model for an in-house service which includes considering how the governance framework that supports procurement activity can be improved.</p> <p>This report sets out a proposal to change the Council's Contract Rules to implement a new streamlined framework for procurement governance for those below Cabinet threshold, which would come into effect from 1 April 2022.</p> <p>This report was considered and endorsed by the Cabinet at its meeting on 18 January 2022.</p>	
<p>Recommendation(s)</p> <p>Assembly is recommended to:</p> <ul style="list-style-type: none"> (i) Approve the new procurement governance arrangements as set out in the report, for implementation with effect from 1 April 2022; and. (ii) Delegate authority to the Strategic Director, Law and Governance, to implement the appropriate amendments to the Council's Contract Rules and other documents within the Council Constitution to effect the new arrangements. 	
<p>Reason(s)</p> <p>The proposals contribute to the Council's vision and priorities to deliver a Well Run Organisation.</p>	

1. Introduction and Background

- 1.1 Barking & Dagenham's Ambition 2020 Programme sought to achieve major changes to deliver the vision for the borough and to be financially sustainable against cuts in public spending. In April 2016, Cabinet considered "We all have a part to play", the Council's response to the Growth Commission and Ambition 2020 proposals, which included a document describing the 'Design and Functions of the Core'.
- 1.2 That document recommended that 'The core of the Council should be re-shaped around the outcomes of the Council's long-term vision, and not around traditional service delivery silos....to maximise income as well as have a constant drive to improve our efficiency and productivity'.
- 1.3 The transfer of the procurement service into the Council from Elevate in February 2020 gave the opportunity to re-think our approach to procurement and to re-shape the framework in which we undertake it, to design a service offer in keeping with the Growth Commission's original recommendation to remove silo's and which aligns with our corporate approach to develop self-sufficiency within services. This framework would be backed up by improved training, development, guidelines and support.

2. Strategic Drivers for Change

- 2.1 The transfer of the Elevate procurement team in February 2020 provided an ideal opportunity to consider how to integrate the procurement service into the Council as well as modernise processes and governance to reflect how the Council could more effectively operate with an in-house corporate procurement provision.
- 2.2 The outcome of that review included recommendations on how the service should work with its customers which is being implemented, as well as how the governance framework could be improved, the latter of which is the subject of this report.
- 2.3 The current framework for procurement governance is multi-layered with 8 different thresholds and multi service oversight in administration required at even low level spends, despite material risks from procurement activity only likely to materialise above the legal threshold.
- 2.4 The complexity of the current system and the different rules that apply to the different thresholds is a perceived barrier to compliance. These concerns came across clearly in a staff survey undertaken during 2020 and in the multiple workshops and individual stakeholder 1:1s undertaken throughout the review period, as did requests for contract management training and support which are also in the process of being implemented.
- 2.5 One example of the complexity in the current procurement process is in relation to the completion of paperwork authorising procurement spend. In our current governance process every purchase above £5k requires a signed Delegated Authority Report before a Purchase Order can be approved and a contractor appointed, or goods ordered.

- 2.6 This process is required irrespective of whether the purchase has been made in accordance with the contract rules and each report above £5k is required to have formal finance implications, with every purchase above £50k requiring formal procurement implications and every procurement above £100k requiring formal legal implications. This process is inconsistent and resource heavy but adds little additional value in delivering better outcomes or reduced risk at these spend levels.
- 2.7 There is no constancy in procurement training across the organisation which will be rectified as part of the implementation of the new framework. It is intended that basic procurement training will be included in the annual on-line training courses for all staff, with a professional procurement accreditation programme to be offered for those undertaking high value procurement. This programme will be developed on a rolling programme basis proposed to be funded by the apprenticeship levy.
- 2.8 The focus on organisational-level training supported by professional development opportunities is consistent with our aspirations as an Investor in People and is aligned to our expectations for other core support services which are moving towards enabling effective self-service. This new framework will be backed up with signposting to revised procurement guidance and workflows which will be made available on the intranet.
- 2.9 These proposals are intended to enable the achievement of greater success in procurement outcomes and procurement compliance over the longer term.

3. Proposed Changes

- 3.1 Recommendations from the procurement review include the development of a formalised approach to the hub-and-spoke model for procurement and contract management activity across the Council, with clarification on roles and responsibilities, backed up by training and support from within the Council's core procurement and commercial teams.
- 3.2 However, the substantive recommendations are those related to revising the governance framework, particularly the thresholds for procurement procedures to allow more agility at low level spend and enhanced oversight of risk associated with high value contracted activities.
- 3.3 The changes being recommended are the simplification of our current procurement thresholds for decisions below the Cabinet threshold which is proposed to remain at £500,000. As such, the level at which Cabinet will have oversight of procurements will remain untouched in these proposals.
- 3.4 The simplification includes reducing the eight different categories of procurement thresholds to three, as shown in Appendix 1. These three categories will be bronze, silver and gold as follows:

Bronze: up to £25k

Requires a minimum of two quotations, where possible one sourced locally. Delegated Authority Report only required if the minimum two quotes cannot be secured. The Delegated Authority report would only be required to be signed by the budget holder, no finance, legal or procurement comments required.

Silver: £25k – Legal Threshold*

Requires a minimum of three quotations, where possible one sourced locally and publication of award notice on e-tendering solution. Delegated Authority required but only required authorisation from the relevant budget holder; legal, procurement and financial implications not required.

Gold: Public Contract's Regulation threshold (currently £190+ for goods and services); Internal threshold for works, Procurement Strategy Report required to be approved by Procurement Board. Delegated Authority Report required with legal, procurement and financial implications.

- 3.5 As can be seen from the above table, the proposal introduces streamlined governance by removing the requirement for delegated authority reports to have oversight by multiple services at the bronze and silver spend thresholds. Although services will still need to keep auditable records of procurement activity and purchasing decisions, those decisions will not require formal implications from procurement, finance and legal colleagues but will instead require authorisation from the services budget manager who is accountable for the spend associated with that cost centre.
- 3.6 Importantly, at the bronze level threshold the minimum standard includes a requirement for one of the minimum two quotes to be from a local supplier with a delegated authority report being required to be completed where that standard cannot be met. This is intended to incentivise the purchasing of local goods and services and increasing the amount of spend within the local area.
- 3.7 There is currently little data to evidence how much of our spend is via our local supply chain due to the reporting difficulties within our current finance system. This is being rectified with the implementation of our new ERP and, in the meantime, targeted activity is being undertaken to identify and source local suppliers where possible. However it will take some time for organisational level data to be capable of driving an effective local supplier engagement strategy. Engagement is underway with local suppliers to understand how they can be supported, in a state aid compliant manner, to bid for Council contracts. However, responses to a supplier engagement survey issued in September 2021 have unfortunately been limited.
- 3.8 At gold threshold all current procurement governance will be retained, including the requirement to gain approval of the procurement strategy at Procurement Board and to ensure legal, finance and procurement implications for all procurement activity.
- 3.9 In addition to the above, the new framework will require compliance with the Council's approach to risk assessment and management by introducing a requirement for all procurement strategy reports submitted to include an assessment of the operational delivery risks associated with the services being procured. This assessment will be expected to inform the service approach to the contract management regime to ensure that it is robust and proportionate to manage the outcomes and risks effectively.
- 3.10 Although we transact with more than 3,000 suppliers on an annual basis, out of our total organisational spend bronze procurements account for approximately 2% with

silver spend accounting for approximately 8% and gold counting for the vast majority of our purchases at 90%.

- 3.11 As such, the vast majority of our procurement activity will still be subject to the full rigour of the existing governance but with an additional focus on understanding and managing associated risks in our supply chain. By introducing organisational level training this revised framework will provide an enhanced and proportionate governance framework which reduces non-value adding bureaucracy at low level, low risk spend.

4. Risk Management

- 4.1 The paper aims to develop a framework that will improve compliance with procurement governance by making it easier for services to understand how to conduct procurement effectively and providing training for colleagues to do so however no governance framework is without risk.
- 4.2 Although the changes reduce multi-service oversight of procurement on a small proportion (10%) of our spend it will be important to ensure that there are controls in place to continue to monitor compliance once the existing controls at this level are removed. Controls to ensure compliance with the requirements include;
- Compliance with the new framework will be included in the annual internal audit plan for the foreseeable future
 - Any spend non-compliant with the two minimum standards at bronze and silver level will have to be authorised by the budget holder to ensure there is sufficient service level oversight of the requirement to secure best value and sufficient budget available.
 - All silver level procurements will be required to attach the completed Delegated Authority report (confirming budget holder level authorisation for the spend and the duty to secure best value) to the Purchase Order request on the finance system so the rationale for the spend can be audited at a later date.
 - Effective budget management should identify any significant adverse trends with spend.

5. Consultation

- 5.1 The development of the new Procurement Target Operating Model has been developed in consultation with service users and stakeholders as set out below;
- Service user workshops.
 - Organisation survey completed on One Borough Voice
 - Workshops, 1:1s and focus groups for Corporate Procurement & contract management
 - Individual feedback sessions with key commissioners and stakeholder
 - Approval by Corporate Strategy Group in August 2021
 - Endorsement by Portfolio Holder December 2021
- 5.2 The proposals in this report were also considered and endorsed by the Cabinet at its meeting on 18 January 2022.

6. Financial Implications

Implications by: Sandra Pillinger Finance Manager

- 6.1 There are no direct cost implications associated with the proposals in this report. Financial implications will only be required to be provided for contract awards of over £190k. Budget managers have delegated authority to manage their budgets subject to their approval limits and budget availability. This change should streamline the procurement process and facilitate faster turnaround. Awards of over £500k will continue to require approval by Cabinet.

7. Legal Implications

Implications by: Tessa Odiah, Locum Contracts and Procurement Solicitor

- 7.1 This report sets out the recommendations for the variation and amendment of the Council's Contract Rules. These recommendations are intended to implement a new simplified framework for procurement governance for those below Cabinet threshold.
- 7.2 The Council's Contract Rules (Rules) are issued in accordance with section 136 of the Local Government Act 1972. The Rules outlines the Council's procedure rules for procurement of all range of contract types, and are intended to promote good purchasing practice, public accountability and deter acts of corruption.
- 7.3 There is a provision in the Council's Constitution and stipulated under clause 2.1 of the Rules, which permits any amendment to correct any inconsistency in these Rules or clarify any interpretation of these Rules.
- 7.4 The proposed recommended amendments and variations set out in the body of this report would appear to be compliant with clause 2.1 referred to above and would improve compliance with procurement governance, making it easier for Services to understand how to conduct procurement. This will also enable the achievement of greater success in procurement outcomes and procurement compliance over the longer term, as demonstrated in the body of the report.
- 7.5 Therefore, if Cabinet agrees with the proposals set out in this report, then the proposed recommendations are legally compliant.

8. Procurement Implications

Implications by: Euan Beales, Head of Procurement

- 8.1 The current Contract Rules set out the requirements that procurement must comply with to ensure a fair, open and transparent process is conducted, which mitigates risks to the Council from a financial, operational, and reputational basis. Currently the Contract Rules uses 8 separate thresholds, which all require an individual process to be complied with, this is to be simplified in the proposed amendments, which would set out simply and clearly to all procuring staff what is required from them.

- 8.2 The recommended Contract Rules changes will not amend or alter the value of procurements that will require Cabinet/HWB approval but are designed to enable Officers to be guided through a process to combine market engagement with commercial guidance that will deliver on the specific outputs required by the operational leads.
- 8.3 The recommendations to amend the Contract Rules combined with a new Procurement model will consolidate our data view and will enable further strategic decisions to be made that will benefit Local supply chain provisions due to consolidated approaches and enabling flexibility of process with the lower spend thresholds.
- 8.4 Based on the detail contained in this report I fully support the recommendations as being made, as I believe this will be an enhancement to the current process, which will lead to better outcomes for the Borough and its Residents.

9. Corporate Policy, Customer and Equality Impact

- 9.1 There is no anticipated impact on the customer or equality impact but the proposals will support effective delivery of corporate policy to ensure a well-run organisation.

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

List of appendices:

- **Appendix 1:** Comparison of current and proposed thresholds

This page is intentionally left blank

Current Thresholds

Existing Thresholds

1	Up to £5k	One quote
2	£5k - £25k	Three quotes
3	£25k - £50k	Three quotes + publish award notice
4	£50k - £100k	Sub-PCR Tender
5	£100k - £190k	Sub-PCR Tender + Procurement Board
6	£190k +	PCR Threshold – Goods and Services
7	£660k +	PCR Threshold – Light Touch Regime
8	£4.7m +	PCR Threshold - Works

Too many,
Too complicated

Proposed New Thresholds

Up to £25k	A minimum of two quotations , where possible one sourced locally; DA only required where less than 2 quotes can be obtained**.
£25k – Legal Threshold*	3 quotes + publish award notice on e-tendering solution; DA required**
£190k +	PCR threshold for goods and services; Internal threshold for works, PSR to Procurement Board. DA required with legal, procurement and financial imps

* Currently £190k for goods and services; subject to change under new Regulations (coming in 2022); works threshold £4.7m so intermediate threshold recommended, matched to goods and services threshold for simplicity

** DA would need authorisation from the relevant budget holder. Legal, Financial and Procurement comments not required

This page is intentionally left blank

ASSEMBLY**2 March 2022**

Title: Pay Policy Statement 2022/23	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Gail Clark, Director of Workforce Change	Contact Details: Tel: 0208 724 3543 E-mail: gail.clark@lbbd.gov.uk
Accountable Strategic Leadership Director: Fiona Taylor, Strategic Director, Law and Governance (and Monitoring Officer)	
Summary	
<p>Under the terms of the Localism Act 2011 the Council must agree, before the start of the new financial year, a pay policy statement relating to the remuneration of its chief officers and the remuneration of its other employees. The Act also sets out the matters which must be covered in the statement.</p> <p>The Council's draft Pay Policy Statement for 2022/23, attached at Appendix A, sets out the expected position at 1st April 2022.</p> <p>The Report also seeks Cabinet's approval to apply the uplift in the London Living Wage with effect from 15th November 2021, which increased the minimum hourly rate of pay from £10.85 to £11.05 per hour.</p> <p>The Cabinet considered this report at its meeting on 21 February 2022 and, in recommending it to the Assembly, also agreed to apply the uplift in the London Living Wage with effect from 15 November 2021, which increased the minimum hourly rate of pay from £10.85 to £11.05 per hour. That decision is reflected at paragraph 3.3 of the Pay Policy Statement.</p>	
Recommendation(s)	
<p>The Assembly is recommended to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2022/23 as set out at Appendix A to the report, for publication on the Council's website with effect from April 2022.</p>	
Reason(s)	
<p>Under the terms of the Localism Act 2011 the Council must agree a pay policy statement in advance of the start of each financial year</p>	

1. Introduction and Background

- 1.1 Section 38(1) of The Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for senior officers (Chief Officers) to be agreed by all councillors at an Assembly meeting before the beginning of each financial year. This policy is timetabled to go to the Assembly on 2nd March 2022.
- 1.2 The Council produced its first Pay Policy Statement for the 2012/13 financial year in accordance with the Localism Act 2011. The definition of Chief Officer covers the Chief Executive, the Chief Operating Officer and other Strategic Leadership Directors, Commissioning Directors and Operational Directors. The matters that must be included in the pay policy statement are as follows:
- The level and elements of remuneration for each Chief Officer.
 - The remuneration of its lowest paid employees (together with its definition of 'lowest paid employee' and the reasons for adopting that definition).
 - The relationship between the remuneration of its Chief Officers and other officers.
 - Other specific aspects of chief officer's remuneration: remuneration on recruitment, increase and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.
 - The Localism Act defines remuneration widely to include not just pay but also charges, fees, allowances, benefits in kind.
 - Enhancements of pension entitlement and termination payments.
- 1.3 The Pay Policy statement:
- Must be approved by the full council (Assembly).
 - Must be approved by the end of March each year.
 - Can be amended in-year.
 - Must be published on the Council's website (and in any other way the Council chooses).
 - Must be complied with when the Council sets the terms and conditions for a chief officer

2. Proposal and Issues

- 2.1 Attached at Appendix A is the draft Pay Policy Statement which reflects the expected position as at 1 April 2022.
- 2.2 The Pay Policy Statement includes an increase to the rate of pay for Council employees and 'Green Book' apprentices to ensure that they are paid the London Living Wage as a minimum. The increase, from £10.85 to £11.05 per hour, is backdated to 15th November 2021.

3. Options Appraisal

- 3.1 The Council is required to publish its pay policy and there is no alternative option to be appraised.
- 3.2 The Council has previously given a commitment to ensure that it pays, as a minimum, the London Living Wage.

4. Consultation

- 4.1 This report was considered and endorsed by the Workforce Board at its meeting on 15 December 2021 and 12 January 2022 and by the Cabinet on 21 February 2022.

5. Financial Implications

Implications completed by: Katherine Heffernan, Head of Service Finance

- 5.1 The Council's lowest pay rate for employees currently exceeds the London Living wage rate and therefore there is no financial impact from approving this recommendation. Increasing the rate of pay for apprentices to the London Living Wage introduces an average increase of circa £364 per apprentice with a total cost, based upon the existing apprentice numbers, of circa £9,500 (salary only) to circa £12,000 (including on costs). There is sufficient funding in the pay inflation provision in the MFTS to cover this.

6. Legal Implications

Implications completed by: Paul Field, Senior Employment Lawyer

- 6.1 The Pay Policy sets out clearly and concisely the Authority's approach to Pay. There are no legal implications as the Policy and the approach which it outlines are consistent with employment law and HR best practice.

7. Other Implications

- 7.1 **Contractual Issues** – This makes no changes to employee's contractual position.
- 7.2 **Staffing Issues** - The staffing issues are fully explored within the main body of the report. There is no requirement to consult with the trade unions on this policy.
- 7.3 **Corporate Policy and Equality Impact** – The Council's approach to pay is based on the use of established job evaluation processes to determine the salary for individual roles, eliminating the potential for bias in the process

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

List of appendices:

- Appendix A – Pay Policy Statement 2022/23

This page is intentionally left blank

LONDON BOROUGH OF BARKING AND DAGENHAM**PAY POLICY STATEMENT 2022/23****1. Introduction – Requirement for Council Pay Policy Statement**

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement to be agreed by Members before the beginning of each financial year. The Act does not apply to local authority schools. This document meets the requirements of the Act for the London Borough of Barking and Dagenham. This Pay Policy Statement presents the expected position at 1 April 2022.
- 1.2 The provisions of the “Act” require that councils are more open about their own local policies and how their local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold: responding to public demand, releasing data in open formats available for re-use, and, releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.

2. Organisational Context

- 2.1 The Council continues to recognise that if it is to serve its communities well and deliver the agreed vision and objectives, it needs to attract and retain talented people at all levels of the organisation.
- 2.2 The Council continues to ensure that its Leadership Team is structured in a manner that enables it to deliver the Borough manifesto and Corporate Plan.

3. Pay and Reward Principles

- 3.1 The approach to pay and reward continues to be based on the following principles:
- Pay levels are affordable for the Council, at a time when it is making some very difficult decisions about spending on services to the community alongside dealing with a global pandemic;
 - The Council can demonstrate fairness and equity in what it pays people at different levels and in different parts of the Council; and
 - Pay is set at levels which enable the Council to recruit and retain the quality of staff needed to help achieve its objectives at a time of financial hardship.
- 3.2 Pay levels are determined through “job evaluation”. For staff at PO6 and below, the Council uses the Greater London Provincial Council job evaluation system. For posts at PO7 and above, the HAY job evaluation system is used. Each system assesses the relative “size” of the role against a range of criteria, relating to its complexity, the number of resources managed, and the knowledge required to undertake the role.

3.3 Pay rates are generally set against the national pay spine agreed by the National Joint Council, although there are local pay points at the top of the LBBB pay scale. The Council has committed to pay no less than the “London Living Wage” to its own staff or agency workers working with the Council. The “London Living Wage” hourly rate increase to £11.05 from £10.85 was announced on 15 November 2021. The Council continues to ensure that it pays its employees and apprentices at or above the London Living Wage.

4. Defining “Chief Officers”

4.1 At the start of the 2022/23 financial year, the Council expects to have within its structure the following Chief Officer posts:

- Chief Executive (and Head of Paid Service)
- Managing Director
- Strategic Director, Law and Governance (and Monitoring Officer)
- Strategic Director, Children and Adults
- Strategic Director, Inclusive Growth
- Strategic Director, Community Solutions
- Strategic Director, My Place
- Director, Strategy and Culture
- Finance Director (and Section 151 Officer)
- Director Enforcement & Community Safety
- Commercial Director
- Commissioning Director, Education
- Commissioning Director, Care and Support
- Director of Public Health
- Operational Director Children’s Care and Support
- Operational Director Adults Care and Support
- Director of Community, Participation & Prevention
- Director of Support & Collections
- Director of Homes & Assets
- Director of Public Realm
- Director of Workforce Change

4.2 Interim arrangements are in place following the resignation of the Chief Executive, who left on 15 December 2021. The Managing Director is the Interim Chief Executive (and Head of Paid Service). The Strategic Director, Law and Governance is also the Interim Deputy Chief Executive.

4.3 The number of JNC officers has increased by 4 from the previous year.

5. Accountability for Chief Officers Pay

5.1 The pay arrangements for chief officers are overseen by the JNC appointments, salaries and structures panel, appointed by the Council’s Assembly.

6. Current Pay Policy and Base Pay Rates

6.1 Setting Salary Levels

6.1.1 Chief Officer roles are evaluated using the HAY job evaluation system. There is a commitment to review salary levels about every three years, this has not been undertaken since the changes to the senior management structure was put in place in 2017. In undertaking reviews, account is taken of the market, particularly the market in London, to ensure the Council can compete successfully for the talent it needs to lead and manage in the current challenging environment.

6.1.2 The salary benchmarking information comes from the London Councils' Chief Officers Salary Survey. The latest information held is from 2021. There were 29 responses to this survey among London Boroughs. The median rates of pay for roles in London, based on the information from the survey, were as follows:

	Median
Head of Paid Service / Chief Executive	£195,072
Tier 1 Managers	£148,989
Tier 2 Managers	£105,813

(Note: This benchmark data is based upon basic pay plus additional payments such as performance related pay or bonus payments.)

6.1.3 The Council is contractually obliged to apply nationally agreed pay awards for Chief Officer grades.

6.2 Chief Executive

6.2.1 The salary for the Chief Executive, agreed at appointment in November 2014, was £165,000. This has increased each year only in line with nationally negotiated pay awards to £179,933.

6.3 Chief Officer Pay Range

6.3.1 The Chief Officer pay structure was last reviewed in 2013. The pay levels have increased in line with nationally negotiated pay awards in April each year. The pay range from April 2022 is as follows:

CO1	£87,586
CO2	£99,846
CO3	£110,356
CO4	£118,497
CO5	£130,862
CO6	£143,683
CO7	£156,558

6.3.2 It is appropriate for there to be some differentiation in pay levels at Chief Officer level because of the differing risk and responsibility being carried at that level.

6.3.3 The table below sets out the salaries of the chief officer posts referred to in paragraph 4.1 above:

Position	Grade of Post	Salary cost to LBBD
Chief Executive (and Head of Paid Service)	Individual spot salary	£179,933
Managing Director	Individual spot salary	£156,558
All other Directors & Operational and Commissioning Directors	CO2 – CO6	£99,846 - £143,683

7. Contingent Pay

7.1 The Council pays its Chief Officers a spot salary. There is no element of performance pay nor are any bonuses paid. No overtime is paid to Chief Officers. There are no lease car arrangements.

7.2 Due to the resignation of the Chief Executive in December 2021, the Managing Director has taken on the role of Interim Chief Executive and receives a temporary honoraria payment of £20,000 per annum paid monthly.

7.3 The Strategic Director, Law and Governance (Monitoring Officer) receives a temporary honoraria payment of £13,000 for undertaking the role of Interim Deputy Chief Executive during this period.

7.4 No other additional payments are made.

8. Pensions

8.1 All Council employees are eligible to join the Local Government Pension Scheme. The Council does not enhance pensionable service for its employees either at the recruitment stage or on leaving the service, except in certain cases of retirement on grounds of permanent ill-health where the strict guidelines specified within the pension regulations are followed.

9. Other Terms and Conditions

9.1 Employment conditions and any subsequent amendments are incorporated into employees' contracts of employment. Chief Officer contracts state:

“Your terms and conditions of employment are as set out in the Joint Negotiating Committee for Chief Officers of Local Authorities handbook, as adopted by the Authority, unless otherwise indicated in this statement.

From time to time, variations in terms and conditions of employment will be negotiated and agreed at national or local level with the union or unions recognised by the Authority as representing that employment group. Where these are adopted by the Authority, they will, within a period of 28 days from the date of

the change, be separately notified to you or otherwise incorporated in the documents to which you have reference.”

- 9.2 The Council’s employment policies and procedures and terms and conditions are reviewed on a regular basis in the light of service delivery needs and any changes in legislation.

10. Election Expenses

- 10.1 The fees paid to Council employees for undertaking election duties vary according to the type of election they participate in and the nature of the duties and responsibilities they undertake. All election fees paid are additional to Council salary and are subject to normal deductions of tax.
- 10.2 Returning Officer duties (and those of the Deputy Returning Officer) are contractual requirements but fees paid to them for national elections / referendums are paid in accordance with the appropriate Statutory Fees and Charges Order.

11. Termination / Severance Payments

- 11.1 Employees who leave the Council, including the Chief Executive and Chief Officers, are not entitled to receive any payments from the Council, except in the case of redundancy or retirement as indicated below.

12. Retirement

- 12.1 Employees who contribute to the Local Government Pension Scheme who elect to retire or who are retired on redundancy or efficiency grounds over age of 55 are entitled to receive immediate payment of their pension benefits in accordance with the Scheme. Early retirement on the grounds of permanent ill health with immediate payment of pension benefits may be considered by the council at any age.
- 12.2 The Council will consider applications for flexible retirement from employees aged 55 or over on their individual merits and in the light of service delivery needs.

13. Redundancy

- 13.1 Employees who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on their actual salary. The standard London Borough of Barking and Dagenham redundancy scheme applies to all officers. The scheme has redundancy multipliers which provide for a maximum of 30 week’s pay for staff whose continuous service date is after 1 January 2007 and a maximum of 45 week’s pay for staff with a continuous service date of prior to 1 January 2007. Both multipliers are based upon length of service.

14. Settlement Agreements

- 14.1 Where an employee leaves the Council’s service in circumstances which are, or would be likely to, give rise to an action seeking redress through the Courts from the Council about the nature of the employee’s departure from the Council’s employment, or where an existing employee has an employment dispute with the

Council which may give rise to litigation, the Council may settle such claims by way of a settlement agreement where it is in the Council's interests to do so. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Legal advice will be sought in all cases.

15. Fairness and Equality - Pay Ratios

- 15.1 It was agreed as of 1 January 2013 that no permanent employee should be paid less than the London Living Wage. This supports the Council's ambition to raise average local household incomes and reflects its commitment to pay fairness. The Council has also agreed that this should apply to all agency staff working on Council assignments. This minimum rate increased to £11.05 per hour (equivalent to an annual salary of £20,165) with effect from November 2021.
- 15.2 Based on this figure, the Council's pay multiple - the ratio between the highest paid employee (the Acting Chief Executive including honoraria payment as detailed in section 7.2) and lowest paid employee - is 1:8:8. This means that the Acting chief executive is paid 8.8 times more than the lowest salary. This is marginally higher than the previous year.
- 15.3 The median annual salary for all employees at 1 April 2021 was £31,557 per annum, with the average salary being £35,675. Both median and average salaries referenced are full time equivalent and are adjusted according to individual contractual arrangements.
- 15.4 The ratio between the Acting Chief Executive's salary level and the median salary figure including the increase in the LLW as detailed in Section 3.3 is currently 1 - 5.59.
- 15.4 Across London the average ratio between the highest and median salaries is 1 to 7, based on a Chief Executive's average of £194,969 (taken from London Councils' 2020 Senior Staff Pay Data).

16. Any Additional Reward Arrangements

- 16.1 No additional reward arrangements are in place.