

# London Borough of Barking and Dagenham

## Notice of Meeting

### THE EXECUTIVE

**Tuesday, 15 March 2005 - 7:15 pm**  
**Council Chamber, Civic Centre, Dagenham**

**Members:** Councillor C J Fairbrass (Chair); Councillor C Geddes (Deputy Chair); Councillor J L Alexander, Councillor G J Bramley, Councillor H J Collins, Councillor S Kallar, Councillor M A McCarthy, Councillor M E McKenzie, Councillor L A Smith and Councillor T G W Wade

**Declaration of Members Interest:** In accordance with Article 1, Paragraph 12 of the Constitution, Members are asked to declare any direct/indirect financial or other interest they may have in any matter which is to be considered at this meeting

04.03.05

Rob Whiteman  
Chief Executive

Contact Officer: Alan Dawson  
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### AGENDA

1. **Apologies for Absence**
2. **Minutes - To confirm as correct the minutes of the meeting held on 8 March 2005 (to follow)**

#### **Business Items**

*Public Items 3 to 6 and Private Items 17 to 18 are business items. The Chair will move that these be agreed without discussion, unless any Member asks to raise a specific point.*

*Any discussion of a Private Business Item will take place after the exclusion of the public and press.*

3. **Planning Post Search and Other Enquiry Charges 2005/06 (Pages 1 - 3)**
4. **Eastbury Manor House: Fees and Charges 2005/06 (Pages 5 - 8)**

5. **Branding of the New Joint Service Centre at Castle Green, Dagenham (Pages 9 - 12)**
6. **Barking Town Centre Regeneration: Equal Opportunities Impact Assessment (Pages 13 - 26)**

#### **Discussion Items**

7. **Development Options for South Dagenham (West) (Pages 27 - 33)**
8. **Supporting People - Audit Commission Report (Pages 35 - 37)**

Appendices 1 and 2 to this report are circulated separately to Members of the Executive and are available on the Internet, in the Members' Rooms and at public libraries.

9. **Unitary Development Plan Steering Group - Change of Name, Terms of Reference and Membership (Pages 39 - 42)**
10. **Local Government Pension Scheme - Funding Strategy Statement (Pages 43 - 61)**
11. **Local Government Pension Scheme - Triennial Actuarial Valuation (Pages 63 - 67)**
12. **The Political Structure (Pages 69 - 70)**
13. **Performance Monitoring 2004/05 (Pages 71 - 74)**

Members are asked to bring with them the papers that were circulated for the meeting on 22 February, when this item was originally due to be considered.

14. **London Borough of Barking & Dagenham Local Development Scheme (to follow)**
15. **Any other public items which the Chair decides are urgent**
16. **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 Executive, 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).

## **Discussion Items**

*None*

## **Business Items**

- 17. Term Contract for Work for Compliance with the Disability Discrimination Act - Pre-Tender Packaging (Pages 75 - 78)**

*Concerns a contractual matter (paragraph 8)*

- 18. Procurement of Capital Project: Wellgate Children's Centre (Marks Gate Community Complex) (Pages 79 - 82)**

*Concerns a contractual matter (paragraph 8)*

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

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**THE EXECUTIVE****15 MARCH 2005****REPORT FROM THE DIRECTOR OF REGENERATION AND ENVIRONMENT**

<b>PLANNING POST SEARCH AND OTHER ENQUIRY CHARGES 2005 / 2006</b>	<b>FOR DECISION</b>	
<p><i>The Constitution (Scheme of Delegation) reserves the determining of Fees and Charges to the Executive.</i></p> <p><b>Summary</b></p> <p>The Charging Policy Commission set out a number of fundamental principals that should be considered, including the starting presumption that charges should be set to recover the full cost of the service. A decision now needs to be made with regard to the setting of Planning enquiry charges to be adopted for the 2005 / 2006 financial years.</p> <p>The proposed Charges cover the cost of providing the service and comply with the advice of the Director of Finance on inflation increase required.</p> <p><b>Recommendation</b></p> <p>The Executive is asked to approve the increased charges for Planning Post Search enquiries and Consultancy Fees for 2005 / 2006 as detailed in this report.</p> <p><b>Reason</b></p> <p>To set the Planning Post Search and Other Fees and Charges for the forthcoming year in accordance with the principles of the Charging Policy Commission and to assist with the Council's Community Priority of "Regenerating the Local Economy".</p>		
<p><b>Contact</b> Tim Lewis</p>	<p>Group Manager Development Control</p>	<p>Tel: 020 8227 3706 Fax: 020 8227 3916 Minicom: 020 8227 3034 E-mail: <a href="mailto:tim.lewis@lbbd.gov.uk">tim.lewis@lbbd.gov.uk</a></p>

## **1. Background**

1.1 The fundamental principles, which must be considered when reviewing fees and charges for Council services, were set by the Charging Policy Commission in 2001 and approved by the Assembly on 4 July 2001. There is a starting presumption that Charges should be set to recover the full cost of service, including all overheads, and that any subsidy must be transparent, and demonstrably support or promote Council Priorities and policy objectives in an effective manner.

### **1.2 Post Search Enquiries**

1.2.1 Charges are made to solicitors or members of the public following a request for additional information resulting from Land Charges searches. Under the Local Authorities (Charges for Land searches) Regulations 1994, as well as a charge for the initial search, Local Authorities are empowered to charge for any information requested as a result of the proposed sale of a property. The charge currently levied for this service is £35.00 (inclusive of VAT) where no site visit is required and £55.00 where it is required. This service was previously provided free of charge. However, as searches now do not include copies of decision notices these inquiries have increased dramatically since that time. Solicitors in general now require more information in the conveyancing process and as a result of charges often defer the costs to the vendor's solicitors. As a result most of the post search enquiries are sent to planning rather than land charges. A charge was introduced in April 2001 and last revised to its current level in September 2004 to what was considered a reasonable charge for the service provided.

1.2.2 The projected cost of providing this service in 2005/06 is £35.87 for a non site visit and £56.37 if a site visit is required. This is in accordance with the current instructions for budget increases of 2.5%. This is a flat rate fee and not an hourly rate.

### **1.3 Consultancy Enquiries**

1.3.1 This service is very similar to the post search enquiry procedure detailed above. This charge occurs when a consultant, in preparing a report for private clients, will request planning information from the Local Planning Authority. The Council currently charges for this work on an hourly basis at £70.00 per hour based on market rates.

1.3.2 It is intended to raise this rate to £71.75 per hour to reflect increased officer costs since this time.

## **2. Proposed Charges**

2.1 Below are the current and proposed charges for Planning Post search enquiries and consultancy charges for 2005/06. By implementing these changes the service will be recovering its full costs.

	<b>Current Charge 2004/05</b>	<b>Proposed Charge 2004/05</b>
<b>Planning Post Search enquiries</b>		
without site visit	£35.00 (inc VAT)	£35.87 (inc VAT)
with site visit	£55.00 (inc VAT)	£56.37 (inc VAT)
<b>Charges to Consultants</b>	£70.00 per hour	£71.75 per hour

#### **4. Consultation**

The following has seen this report and are happy with the report as it stands.

##### **Lead Member**

Developing Rights and Responsibilities with the Local Community and Providing Equal Opportunities and Celebrating Diversity (Income and Charging), Councillor H Collins.

##### **Finance**

David Waller, Interim Head of Finance (DRE)

##### **Corporate Strategy**

Muhammad Saleem, Solicitor to the Council & Monitoring Officer

#### **Background Papers**

Executive report and Minute 65, 8 September 2004 re: Fees and Charges: Planning Post Search and Other Enquiry Fees & Charges 2004 / 2005.

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**THE EXECUTIVE****15 MARCH 2005****REPORT OF THE DIRECTOR OF EDUCATION, ARTS AND LIBRARIES**

<b>EASTBURY MANOR HOUSE: FEES AND CHARGES 2005/06</b>		<b>FOR DECISION</b>
<p><i>The Constitution (Scheme of Delegation) reserves the determining of Fees and Charges to the Executive.</i></p>		
<p><b><u>Summary</u></b>  This report compares current room hire and related fees and charges at Eastbury Manor House (Heritage Services) with those at similar venues in the area. It recommends increases in charging for 2005/06.</p>		
<p><b><u>Recommendations</u></b>  That the Executive agree to raise certain fees and charges in respect of Eastbury Manor House as detailed in the report. It is proposed that the new charges, some of which represent more than a 3% increase, should come into effect on Monday 4 April 2005.</p>		
<p><b><u>Reasons</u></b>  Equipment hire rates and cost of refreshments have both fallen out of line with charges at similar venues. Eastbury has been set a challenging income target for 2005-06 which cannot be met by increasing bookings alone.</p>		
<p><b>Contact Officer:</b>  Jane Hargreaves</p>	<p>Interim Head of Learning and Cultural Services</p>	<p>Tel: 020 8270 4818  Fax: 020 8270 4799  E-mail: <a href="mailto:jane.hargreaves@lbbd.gov.uk">jane.hargreaves@lbbd.gov.uk</a></p>

**1. Background**

- 1.1 Heritage Services have conducted the first in-depth review of hire charges at Eastbury since the House re-opened in April 2003. Comparisons have been drawn with Valence House, Harmony House, The Broadway and the Borough's community halls and libraries.

**2. Proposals**

- 2.1 Room hire: Eastbury Manor House and other Council venues hire by the hour. We propose an increase for business users (which includes LBBB clients) from £15.10 to £16.00 per hour (6.0%), which puts Eastbury Manor House marginally ahead of Valence House Museum and branch libraries, where the 2004-05 rates are £15.45 and £15.00 respectively. Eastbury Manor House would remain competitive against outside venues, which charge per session of 3 or 4 hours. The rate for the hire of the whole house will remain unchanged at £48 per hour.

- 2.2 For community groups, we propose to reduce the discount against business rates from 50% at present to 25%, giving a new rate of £12 per hour. This does mean a hefty increase, but the present rate is not related to the actual staffing and other running costs of having the house open in the evening. By comparison, 2004-05 rates for Valence House Museum and branch libraries are £10.60 and £10.00 respectively; community hall rates, which admittedly are not aimed at smaller societies, are at least £28.90 per hour.
- 2.3 Equipment: Eastbury Manor House's basic charge is £5.15 per item per booking. Valence House charge £10.30. Harmony House charge £15.00 and upwards per item. The proposal is to raise Eastbury Manor House's basic charge to £10.00, and the PowerPoint charge from £10.30 to £15.00.
- 2.4 Refreshment costs: Eastbury Manor House's charge of 70 pence for tea/coffee/biscuits stands against £1.00 at Valence, £1.28 at The Broadway and £1.40 at Harmony House. We propose lifting Eastbury's charge to £1.00. Lunch catering costs will be put up too, but only within the 3% ceiling.
- 2.5 Appendix 1 shows these proposed increased in a table.

### **3. Consultations/financial and other implications**

- 3.1 The overall effect is to achieve a catch up exercise. By the above proposals Eastbury Manor House can generate a moderate increase in income, but without appearing to put up the higher unit costs, such as lunches and room hire charges, or alienating business users – for example, few would argue that £1.00 for tea/coffee and biscuits is extortionate. Increases in this area and for equipment use still leave Eastbury Manor House cheaper than comparable outside hirers.
- 3.2 With appropriate effort on the customer care front to ensure that existing users keep their business at Eastbury the proposed charges should result in about a 10% increase in income. Staff at Eastbury Manor House still need to work to increase the number of bookings in order to meet the increase in the income target for Eastbury Manor House (2004-05: £92,000, draft figure for 2005-06: £114,300).
- 3.3 Because of the scale of the catch up for community users and because one of Eastbury Manor House's roles is to be there for the local community, community groups have been consulted to gauge their reaction to the proposed rises. The feedback has been that they are understanding of the position and are therefore resigned to the increased charges. The catching-up for community users will not be more than the one-off increase proposed in this report.

### **4. Conclusion**

- 4.1 Heritage Services believe that the increased charges can be justified, and the management at Eastbury Manor House are confident that they can 'sell' these increases to the user groups affected by them. As this is a 'catch-up' exercise, Heritage Services expect that, with the possible exception of a further catch-up in April 2006, future increase in charges will be kept within Officers' delegated authority.

## **5. Consultation**

- 5.1 The following officers have been consulted on this report:  
Head of Heritage Services  
Head of Finance (DEAL)

### **Public background papers used in preparation of the report**

Published charges for comparable venues, obtained from venues and/or internet

**Appendix 1**  
**Eastbury Manor House – Proposed Increased 2005/06**

<b>Description</b>	<b>2004/05</b>	<b>2005/06</b>	<b>% change</b>	<b>Notes</b>
Business room hire (per hour)	£15.10	£16.00	6.0%	Valence charge £15.45; branch libraries £15.00
Business hire of Long Gallery (per hour)	£30.20	£32.00	6.0%	Whole day at The Broadway £240.00; Harmony House £310.00; in Long Gallery £256
Business whole house hire (per hour)	£48.00	£48.00	No change	
Equipment hire (per booking)	£5.15	£10.00	94.2%	Valence £10.30; Harmony House £15.00-£30.00
Powerpoint hire (per booking)	£10.30	£15.00	45.6%	Harmony House £75
Community discount	50%	25%	Cut of 50%	Need for change 'noted' but not challenged by community users
Community room hire (per hour)	£7.65	£12.00	56.9%	Per session: Eastbury £24.00; Valence £20.60; Branch libraries £20.00; The Broadway £40.00. Community Halls at least £28.90 per hour
Tea/coffee/biscuits (per head)	£0.70	£1.00	42.9%	Valence £1.00; The Broadway £1.28; Harmony house £1.40
Lunch costs (per head: sandwich type menu)	£4.15	£4.40	6.0%	
Lunch costs (per head: top end buffet)	£12.10	£12.30	2.5%	
Lunch costs (per head: average of six menus)	£7.08	£7.30	3.1%	
Property manager's forecast of increase of cost of "average" hire at Eastbury			In region of 10%	

## THE EXECUTIVE

15 MARCH 2005

JOINT REPORT OF THE DIRECTOR OF EDUCATION, ARTS AND LIBRARIES  
AND THE DIRECTOR OF CORPORATE STRATEGY

<b>BRANDING OF THE NEW JOINT SERVICE CENTRE AT CASTLE GREEN, DAGENHAM</b>	<b>FOR DECISION</b>	
<i>This report concerns the branding of the new Joint Service Centre at Castle Green, which is a matter reserved to the Executive.</i>		
<b>Summary</b>		
This report outlines branding proposals for the new Joint Service Centre at Castle Green, Dagenham.		
The Joint Service Centre along with the Jo Richardson Community School (JRCS) is currently under construction. The JRCS has an established identity and logo which is well-known in the Borough, among the local community and beyond. However the Joint Service Centre is a facility in its own right and will contain a number of different services which have their own identities that need to be maintained.		
In September 2004 Branding Consultants 'Creativezones Ltd' were appointed by the Management Forum to develop and produce an overall brand for the Joint Service Centre.		
Stakeholders and service providers including residents, the Jo Richardson Community School (JRCS), Barking and Dagenham Primary Care Trust (PCT), London East Connexions Partnership Ltd together with a wide range of Council educational and recreational services have participated in consultations.		
<b>Recommendations</b>		
The Executive is asked to adopt "Castle Green" as the overall name for the Joint Service Centre.		
<b>Reason</b>		
To provide an established identity for the Joint Service Centre development on the Castle Green open space area.		
<b>Contact</b> Keith Waters	Brand Manager, Corporate Communications	Tel: 020 8227 3931 Fax: 020 8227 2112 E-mail <a href="mailto:keith.waters@lbbd.gov.uk">keith.waters@lbbd.gov.uk</a>

**1. Background**

- 1.1 The new Joint Service Centre, which is located at Castle Green and is currently under construction, will be operational towards the end of 2005. Facilities on site will include:
- Community library
  - Learning village
  - Adult college
  - Children's centre
  - Internet and IT facilities
  - Police office
  - All weather pitch
  - Fitness suite
- 1.2 The Council's stakeholder partners include the Jo Richardson Community School (JRCS), Barking and Dagenham Primary Care Trust (PCT) and London East Connexions Partnership Ltd. All have strong and independent identities that need to be maintained, while delivering services together from a single complex.
- 1.3 Rather like Lakeside Shopping Centre is a necessary umbrella name to capture and describe a large number of shops and cafes etc, the Joint Service Centre facilities can be more easily identified and referred to if they have a collective name to describe their location.
- 1.4 In June 2004 the JRCS Management Forum, which comprises the Joint Service Centre stakeholders including Cllr Graham Bramley, expressed interest to procure the services of Branding and Design Consultants to develop an identity for this multi-service complex. The Management Forum was informed that the Council had already procured through tender the services of three such consultancies to develop its branding requirements, these being:
- Bartlett Scott Edger
  - Naked Vine Ltd
  - Creativezones Ltd
- 1.4 A brief was developed and the companies were invited to bid. All expressed an interest to bid but only Naked Vine and Creativezones submitted material for consideration to the Forum's branding sub group held on 23 September 2004. The submissions were evaluated and a decision was taken to appoint "Creativezones Ltd" as Branding Consultants for this project.

## **2. The Branding Process**

- 2.1 The Consultants carried out individual workshops with the proposed service providers to gain an insight into both service delivery and their aspirations for the Centre. A joint session followed later in which concerns and issues were raised, discussed and addressed. Full details are available in the Consultants report titled "Brand Programme for the Joint Service Centre at Castle Green Park".
- 2.2 A survey was carried out to test the public's awareness and understanding about the Centre. The outcome of the consultation and workshops moved the consultants to the next stage which involved Project and Brand Managers, PR Consultants and

graphic designers meeting to generate ideas and discuss routes for the naming of the Centre.

2.3 First draft concepts for names were developed and presented to the Management Forum on 26 November 2004. The proposals were positively received and stakeholders agreed the name “Castle Green” to be developed further. The reasons they gave are outlined in the Consultant's report as being:

- It already exists as a place.
- It is a good, positive name.
- CASTLE has a heritage feel.
- GREEN is very now in regards to environmental awareness; allusions to growth etc.

The area is known as Castle Green so maintaining the same name should help ease the transition.

Other names run the risk of dating and names of local people, no matter how well loved and respected now, may not stand the test of time.

2.4 The second draft was presented to the Management Forum on 10<sup>th</sup> December 2004. The object of this meeting was to narrow down three design concepts to one that could be developed and refined further.

2.5 The final design can be viewed on page 93 of the consultants report, together with their recommendations why this design should be accepted, these are:

- It's modern, yet also conservative and classic so is unlikely to date quickly.
- It's practical in that it doesn't rely on colour, working equally well in black and white.
- It alludes to many different things and can therefore cover the whole centre.
- It's simple to reproduce and lends itself to three-dimensional construction as well as print.

2.6 Stakeholders will be able to deliver services using their individual brands while operating under the umbrella brand “Castle Green” for the complex. This is similar to the way shopping centres brand themselves e.g. Bluewater in Kent.

2.7 The Consultants prepared a presentation for 17<sup>th</sup> December 2004 to the portfolio Member for Regeneration, Councillor Kallar, and the Member for Education, Councillor Alexander to seek their opinions prior to submission to the Executive. Both Members gave a positive response to the design and name for the development “Castle Green”.

## **Consultation**

CLlr Fairbrass, Leader of the Council  
Director of Education, Arts and Libraries  
Director of Corporate Strategy  
James Hodgson, Private Finance Initiative Manager, DEAL

## **Background Papers**

The Consultants report “Brand programme for the Joint Service Centre at Castle Green Park”.

JRCS – Joint Service Centre Management Forum Minute, 3.1 Vision and Branding, 26<sup>th</sup> November 2004.



**THE EXECUTIVE****15 MARCH 2005****REPORT FROM THE DIRECTOR OF REGENERATION AND ENVIRONMENT**

<b>BARKING TOWN CENTRE REGENERATION: EQUAL OPPORTUNITIES IMPACT ASSESSMENT</b>	<b>FOR DECISION</b>																
<p>This is a strategic issue concerning the delivery of the Council's regeneration programme in Barking Town Centre, which is within the remit of the Executive</p> <p><b>Summary</b></p> <p>The Race Relations (Amendment) Act 2000 places a statutory duty on all local authorities to carry out Equal Opportunities Impact Assessments on services and policies as part of its Race Equality Scheme. The Council has extended this to include other disadvantaged groups. This report sets out the results of the Impact Assessment carried out on the regeneration programme for Barking Town Centre.</p> <p>Officers in Regeneration Implementation and Planning Divisions consulted a number of community groups about the Council's plans for the regeneration of Barking Town Centre over the summer and autumn of 2004. The consultation found widespread support in principle for the Council's ambition for Barking Town Centre, allied to specific concerns about the risk of marginalising disadvantaged communities.</p> <p>The report makes a series of recommendations to manage these risks, with regular monitoring at programme and senior management level. The Impact Assessment will be published on the Council's website and distributed to all those who contributed to the consultation.</p> <p><b>Recommendation</b></p> <p>The Executive is asked to agree the Equal Opportunities Impact Assessment of the Barking Town Centre regeneration programme.</p> <p><b>Reason</b></p> <p>To help achieve the Community Priority of '<i>Regenerating the Local Economy.</i>'</p> <p><b>Wards Affected</b></p> <p>Abbey and Gascoigne.</p>																	
<p><b>Contact</b></p> <table border="0"> <tr> <td data-bbox="145 1805 341 1839">Jeremy Grint</td> <td data-bbox="392 1805 708 1877">Head of Regeneration Implementation</td> <td data-bbox="810 1805 868 1839">Tel:</td> <td data-bbox="1002 1805 1238 1839">020 - 8227 2443</td> </tr> <tr> <td></td> <td></td> <td data-bbox="810 1843 868 1877">Fax:</td> <td data-bbox="1002 1843 1238 1877">020 - 8227 3231</td> </tr> <tr> <td></td> <td></td> <td data-bbox="810 1881 943 1915">Minicom:</td> <td data-bbox="1002 1881 1238 1915">020 - 8227 3034</td> </tr> <tr> <td></td> <td></td> <td data-bbox="810 1919 922 1953">E-mail):</td> <td data-bbox="1002 1919 1369 1953">jeremy.grint@lbbd.gov.uk</td> </tr> </table>		Jeremy Grint	Head of Regeneration Implementation	Tel:	020 - 8227 2443			Fax:	020 - 8227 3231			Minicom:	020 - 8227 3034			E-mail):	jeremy.grint@lbbd.gov.uk
Jeremy Grint	Head of Regeneration Implementation	Tel:	020 - 8227 2443														
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		Minicom:	020 - 8227 3034														
		E-mail):	jeremy.grint@lbbd.gov.uk														

## **1. Financial Implications**

- 1.1 The costs of implementing recommendations in this report will be met from the Regeneration Implementation Division's budget.

## **2. Consultation**

- 2.1 The report was circulated for comment to officers in the Departments of Regeneration and Environment, Housing and Health, Social Services, Corporate Strategy and Education, Arts and Libraries. It was discussed at the Regeneration Programme Management Board on 14<sup>th</sup> February and the Regeneration Board (TMT and the Lead Member for Regeneration) on 22<sup>nd</sup> February.
- 2.2 The Interim Head of Regeneration Finance (David Waller) is content with the report.
- 2.3 The Lead Member for Regeneration, Councillor Sydney Kallar, is content with the report.
- 2.4 The report was circulated for comment to the Members for Abbey and Gascoigne wards.

## **Background Papers**

There are no background papers.

## **BARKING TOWN CENTRE REGENERATION**

### **EQUAL OPPORTUNITIES IMPACT ASSESSMENT**

#### **Scope and purpose**

1. The Race Relations (Amendment) Act 2000 placed a duty on all public bodies to produce and work to a Race Equality Scheme. The Council's plan was published in May 2002 and is available on the Council's Intranet site. As part of the Race Equality Scheme, public bodies were required to evaluate policies, services and other functions by means of an Equal Opportunities Impact Assessment, to ensure that services are delivered without discrimination against Black and Minority Ethnic (BME) people. Barking and Dagenham Council has widened the remit of the Act to include in its Impact Assessments other potentially disadvantaged sections of the community, including young people, the elderly, people with disabilities, women and the Lesbian, Gay, Bisexual and Transgender community.
2. The Impact Assessment for Barking Town Centre regeneration was carried out to assess the likely impacts of regeneration on the Town Centre's communities, identify any potentially negative impacts and identify measures to manage these within the Town Centre programme. It was conducted according to the Council's corporate guidance:
  - Consideration of available data and research;
  - Assessment of impacts;
  - Consideration of measures which might mitigate any adverse impact and alternative policies which might better promote equal opportunities; and
  - Formal consultation.
3. Following consideration by the Executive we will publish the results of the Impact Assessment, including on the Council's website and disseminate the results to those groups that took part in the consultation.

#### **The demography of Barking Town Centre**

4. The Barking Town Centre regeneration programme covers two wards: Abbey and Gascoigne. The Indices of Deprivation 2000 show that both are among the 10% most deprived wards in the country. They are also the most diverse in the borough.
  - 40% of the Town Centre's residents are from the black and minority ethnic (BME) communities - a much higher proportion than the borough as a whole (19%). The largest BME communities in the Town Centre are Black African, Afro-Caribbean, Indian, Pakistani and most recently, people from Eastern Europe.
  - 12.9% of Town Centre residents are from the Muslim faith, compared to 4.4% in the borough and 3% in England as a whole. This proportion is higher still in Abbey ward.
  - There is a higher proportion (25%) of people under 16 in the Town Centre, compared to the figures for the borough (23.4%) and England (20.2%)
  - The number of lone parent households in the Town Centre (12.8%) is almost double the national figure (6.5%)
  - Almost half (48%) of the Town Centre's residents do not have a car.

- Unemployment at 6.3% is almost double the national average of 3.4% and other economically inactive people (carers, long term sick or people with disabilities) form 41.9% of the Town Centre's population, compared to 36% in England.
5. The Town Centre wards have a lower proportion of adults with no qualifications and a higher proportion with degree level qualifications than the average for Barking and Dagenham. It should be noted, however, that the borough has some of the worst statistics in the country for basic skills, so that in national terms Abbey and Gascoigne wards are still very disadvantaged in skills and education.

## **The consultation**

6. We identified groups for consultation on the basis of the demographic analysis above. We made use of the Council's own structure of forums to consult young and older people and sought to work through Faith Groups and umbrella organisations such as the Ethnic Minorities Partnership Association (EMPA), which are arguably better placed to facilitate dialogue with BME residents. We assumed that a similar proportion of the Town Centre's population was likely to be gay or lesbian as the national population (5-10%) and so included this group in our consultation.
7. Given the demography of the Town Centre and the complexity of the Town Centre programme, we kept written fact sheets and questionnaires simple and organised face-to-face consultation where possible. Translated materials were available on request. Workshops were carried out on the basis of a standard presentation and set of questions for discussion. A full list is set out below. Presenters sought to focus discussion on two issues: whether those consulted could see clear benefits for themselves, their families and their communities; and whether those consulted could see negative impacts – whether for themselves or for others.
8. In addition to presentations, workshops and consultations at events such as the Town Show, we mailed 70 Faith groups and BME representative associations with a leaflet, questionnaire and offer to provide a speaker at one of their meetings. 6 of the 70 organisations responded. A mailing was also sent out to the membership of the Ethnic Minorities Partnership Association (EMPA).

## **Lessons learned from the consultation process**

9. Workshops and presentations worked well and produced fruitful interaction, but in many cases we only had time to scratch the surface of what is a complex, long-term and multi-faceted regeneration programme. The response to questionnaires was weaker than we had hoped and our ability to engage BME and Faith Groups was limited.
10. We have discussed this disappointment with EMPA and their view is that the limited response is in part a reflection of the stage that regeneration has reached: there is little to see on the ground as yet and residents are more likely to respond to consultation when they can see large scale physical change in their own neighbourhoods. It is also the case that many residents' focus is on day-to-day services, rather than changes that will not take full effect for many years. Finally, there is a widespread "consultation fatigue" among community and voluntary sector

groups and consultations of this sort – covering a wide range of Council services – need careful coordination if we are not to add to it.

11. However, an underlying cause was lack of resources and capacity for community consultation – both ours and among community organisations. Community engagement needs to be innovative and sustained if it is to be effective and although the Council's existing community development staff do an excellent job, they are very stretched. The Council's ambitious aim to carry out a comprehensive impact assessment for all potentially deprived groups must be commensurately resourced if it is to be successful. We intend to address this issue in Regeneration Implementation Division by re-scoping the role of the Neighbourhood Management Coordinator to allow her to develop a closer relationship with the community on regeneration issues and by ensuring that delivery bodies, both public and private sector, make adequate provision for genuine community engagement activities in their project planning.

### **Barking Town Centre regeneration programme**

12. The substance of the consultation was the major transformation that Barking Town Centre is about to undergo. Most obviously, regeneration will increase the number of homes in the Town Centre by 4,000 (net), creating a much bigger market for retail and leisure sector development. Many of the new homes will be “aspirational” one and two bedroom flats, changing the social mix of Abbey ward in particular. As many as two thirds of the properties on the Gascoigne Estate, including most of the tower blocks, will be redeveloped.
13. The East London Transit will connect the Town Centre with the Barking Riverside development and (eventually) Dagenham Dock and South Dagenham. This is likely to increase leisure and shopping use of the Town Centre even further. Economic development in the Town Centre is centred on the creation of new retail and office space and the nurturing of a creative and cultural industry hub around The Broadway, Malthouse and Abbey Road. The building of a Lifelong Learning Centre, offering integrated education, IT and employment services from a Town Square site, is the key element in plans to increase the skills and employability of the Town Centre's communities.
14. Housing and economic development in Barking will be accompanied by an equally comprehensive transformation of the public realm. Public art projects and improvements to streets and other public spaces using the “Barking Code” are already underway. They will help create a distinctive “feel” to the Town Centre. The River Roding will be landscaped and opened up to public use, creating a new leisure quarter for the Town Centre.

### **Opportunity and risk**

15. The Council's plans are intended to improve quality of life and life opportunities for all the Town Centre's residents, including the most deprived. Our consultation found a widespread recognition of the scale of opportunity and support for the Council's ambition. The transformation of the public realm and opening up of the Roding to provide a new leisure quarter for the town were particularly welcomed. Consultees were also reassured by plans to provide new schools and medical

facilities to meet the demands of a growing population, and which will benefit existing residents as much as new.

16. There was very strong support for the prospect of increased employment opportunities, created by a revitalised Town Centre serving a larger population. The ability of the Lifelong Learning Centre and of the borough's skills and workforce development projects to reach the most deprived – particularly those in Abbey and Gascoigne wards – will be critical in sharing the benefits of regeneration. With our partners we must ensure that the benefits of regeneration – and the specific pathways into opportunity it will create - are properly communicated to the borough's residents
17. However, we also found a genuine apprehension among many of those consulted that the Town Centre's existing residents would be pushed to the margins of the borough – both geographically and socially – by regeneration. People from the BME communities in particular expressed the fear that changes in the housing stock, rising property and business rental prices would over time make it impossible for the Town Centre's existing residents to live and shop in Barking. Although our intention is to create greater opportunity for all the borough's residents, regeneration will inevitably set in train market changes that we must carefully monitor, influence and in some cases mitigate, but that we cannot control. The only guarantee we can give our community is to ensure that our education, lifelong learning and employment services provide them with the means to secure more fulfilling employment, raise incomes and take advantage of new opportunities.
18. Crime and safety were important issues for many consultees. Older people in particular had specific concerns about threatening behaviour by groups of young people and alcoholics (which have now been addressed), but there was a widespread perception among all groups consulted that Barking was not a welcoming place outside office hours and could be experienced as threatening. Addressing these concerns will be critical if we are to create a Town Centre that supports a wide range of uses and attracts people to shop, live, work and use leisure facilities. This highlights the need to ensure more evening activities in Barking. Members of the Lesbian, Gay, Bisexual and Transgender community had a specific need to find a welcoming, non-threatening community space in Barking and officers are now advising the LGBT Forum on options.

### **Detailed findings and recommendations**

19. The consultation's detailed findings and our recommendations for action to address potential negative impacts are attached to this report as a matrix.

### **Implementation, monitoring and evaluation**

20. In order to ensure that these recommendations are implemented and equal opportunities issues continue to be addressed in the regeneration of Barking Town Centre we further recommend that:
  - The Regeneration Board monitors the equal opportunities impacts of regeneration programmes;

- Projects devote sufficient resources to community engagement in the planning and delivery of regeneration programmes;
- The community should be involved as far as possible in every stage of delivery, including design and review to ensure that equal opportunities impacts are continually monitored and addressed;
- The Barking Town Centre Stakeholder Partnership strengthens community engagement in Barking's regeneration;
- This report is published on the Council website and circulated to consultees.
- The Regeneration Board considers how to manage the impacts of large-scale regeneration on social cohesion at its next away-day.
- A further report on the equal opportunity impacts of Barking Town Centre regeneration is presented to the Regeneration Board in one year's time.





## Equal Opportunities Impact Assessment of the regeneration of Barking Town Centre

### Findings and recommendations

Potential impact	Group affected	Response
<b>Sustainability</b>		
The development of aspirational housing and services for an affluent new population drive BME and low income individuals/families out of the Town Centre. Examples such as London Docklands and Barcelona do not augur well.	BME and low income individuals/families	Increasing choice in housing is part of the Council's 2020 Vision. This means increasing the amount of "aspirational" housing in the borough, much of which will be built in Barking Town Centre. A more affluent population will bring disposable income and social capital with them, which will contribute towards economic and community regeneration. However, this should not be achieved at the expense of affordable housing for those on low incomes. We should make a public commitment to maintain or increase the current stock of affordable housing in Barking Town Centre.
Some forms of "affordable" housing (eg discounted sale) are not genuinely affordable for those on the lowest income.	Low income individuals/families and people from BME communities	Our policy is to provide a range of options for affordable housing along the income scale. This must include social renting options for those on the lowest income. We will need to consider doing more to explain new tenure options to tenants affected by Town Centre regeneration and doing this before they are asked to take decisions.
Population growth puts public services under pressure, with disadvantaged groups losing out.  New facilities are developed, but not in time to cope with new demand.	All groups, but particularly low income individuals/families and people from BME communities	The Council has secured £5 million from the Sustainable Communities Fund to build a new health facility in Barking Town Centre and is considering plans to expand existing schools in the Town Centre, including the Gascoigne Community School. The Council is also taking forward discussions with partners to agree an appropriate mechanism to fund social infrastructure.
The wholesale redevelopment of sites such as London Road/North Street removes community space.	All groups, but raised as an issue by the Forum for the Elderly and the LGBT Forum	The Council should provide new community space and facilities in the regenerated Town Centre. We are working with the Muslim Society to replace facilities at the Tanner Street Triangle and are discussing the needs of the LGBT community with that Forum.

<p>New facilities, such as the Lifelong Learning Centre are not accessible by people outside the regeneration areas.</p> <p>The provision of new facilities in Barking leads to existing facilities in areas outside the main regeneration areas being closed down to save money.</p>	<p>This was raised by the Forum for the Elderly, but would affect all groups</p>	<p>The Council's aim is to ensure that new social infrastructure is sited in the most accessible places, close to public transport where possible, so that residents throughout the borough can use it.</p> <p>Although the Council will inevitably need to take decisions about the appropriate number and siting of facilities, new facilities in the regeneration areas will add to existing provision and will <u>not</u> substitute for it.</p>
<p><b>Built environment</b></p>		
<p>New buildings and public spaces are not fully accessible to people with physical disabilities.</p>	<p>Older people and people with disabilities</p>	<p>The principle of access for people with disabilities has been included in the Interim Planning Guidance for Barking Town Centre. The Council should work with developers to ensure that new buildings and public spaces are fully accessible by people with physical disabilities.</p>
<p>The Town Centre is already experienced by many as a threatening environment, especially after office hours. Plans to develop a "night-time economy" increase crime and disorder.</p>	<p>This was a particular concern for older people, the young and the Lesbian and Gay community.</p>	<p>Our aim is to develop a range of leisure activities and uses in the Town Centre, attractive to different sections of the community. Overall, attracting more people into the Town Centre after office hours should create a less threatening atmosphere. However, the Council should work with the local police to ensure that increased use of the Town Centre does not lead to more crime, particularly alcohol-related crime. We should also ensure that physical projects help to "design out" the potential for crime.</p>
<p>Regeneration does not help the Gascoigne Estate, already notorious for crime and deprivation.</p>	<p>All groups, including Gascoigne residents</p>	<p>The Gascoigne's reputation for crime, drugs and deprivation was shockingly apparent during the consultation – with some of the strongest views expressed by its residents. The Council has agreed a programme to improve the housing stock and diversify tenure on the estate, including the demolition of most of the tower blocks. Our view is that this needs to be accompanied by an integrated package of social regeneration measures, to build community identity and raise incomes. We have established an officer working group to take this work forward.</p>
<p>New buildings and the public realm will deteriorate without proper care and maintenance.</p>	<p>All groups</p>	<p>Although not specifically an equal opportunities issue, this was a common concern for the groups we consulted. Putting in place the right mechanisms to involve the community in the care and maintenance of the public realm in the Town Centre must be a priority for the regeneration programme.</p>
<p><b>Economic Development</b></p>		
<p>BME businesses are driven out of the Town Centre as it</p>	<p>People from BME</p>	<p>Greater support for BME businesses is one of the aims of our</p>

goes steadily “up market”.	communities	Economic Development Strategy. The Council should seek to work in partnership with organisations specialising in BME business development to achieve this aim.
Regeneration encourages chains and larger retailers to move into the Town Centre, forcing out small and family businesses.	All groups, but particularly those on low incomes and people from BME communities	The Council's aim is to promote a greater diversity of retail and business uses in the Town Centre. This will mean attracting chains and larger businesses, but there will be a continuing need for small and family businesses, particularly to serve BME communities. The Economic Development team has recruited an officer to work specifically in the Town Centre and an action plan will be developed to ensure that smaller businesses are not priced out of the Town Centre.
New businesses and shops recruit from outside the borough and young people in particular lose out.	Young people	There are already a number of initiatives to support young people into careers, including a Retail Training scheme, Gateway to Industry and Gateway to Health and Social Care. We will continue to develop programmes to improve skills and job opportunities for all residents.
<b>Transport</b>		
ELT vehicles and route are not fully accessible for older people and people with disabilities in particular.	People with disabilities and older people	The Council should raise these concerns with Transport for London as Phase 1 of the ELT is planned and constructed.

## Annex A: consultation events and workshops

The following consultation events were held over the summer and autumn of 2004.

<b>Organisation</b>	<b>Date</b>	<b>Groups reached</b>
Youth Forum	27 July	Young people
Dagenham Town Show	17-18 July	White and elderly
Disability Access Group	25 August	People with disabilities
Lesbian, Gay, Transgender, Bisexual (LGTB) Forum	22 July 11 November	LGBT people
Ethnic Minority Partnership Agency (EMPA)	24 September	BME people
Black History Month Seminar	21 October 2004	BME people
Abbey, Gascoigne and Thames Community Forum	8 November 2004	White and elderly
Barking and Dagenham Forum for the Elderly	25 November 2004	Older people

## Annex B: groups contacted by written questionnaire

<b>Questionnaire Distribution List</b>	
<b>Faith Groups</b>	
1	Dagenham Baptist Church
2	Eastern Avenue Baptist Church
3	Marks Gate Baptist Church
4	Elim Pentecostal Church
5	New Life Church Centre
6	Grace Harvest Church
7	New Park Hall Evangelical Church
8	Green Lanes Christian Centre
9	New Testament Assembly Pentecostal Church, Church Hall
10	Holy Family R C Church
11	Oxlow Lane Baptist Church
12	London City Mission, Dawson Christian Centre
13	St Cedd's C of E Church
14	St Georges C of E Church
15	St Mary's Parish Church
16	St Margaret's Church & Centre
17	St Peter R C Church
18	The Full Gospel Church, A O G Chadwell Heath,
19	St Elizabeths Church
20	The Salvation Army
21	St Albans
22	The Rectory
23	St Thomas, St Thomas Vicarage
24	The Presbytery
25	St Mary & St Ethelburga R C Church
26	St Erkenwald Church, St Erkenwald Vicarage
27	Sikh Temple
28	St Thomas Moore R C Church
29	World Gospel Outreach Ministry
30	Lifeline Community Projects
31	Bethel Christian Centre
32	Barking Baptist Church
33	Upney Baptist Church
34	St John the Divine
35	Barking Baptist Tabernacle Church
36	Barking Muslim Social & Cultural Society
37	Barking United Reformed Church
38	Member of Barking Muslim & Cultural Society
39	Brook Independent Evangelical Church
40	Becontree Methodist Church
41	Barking Methodist Church
42	Bethal Gospel Church

43	Barking & Becontree Synagogue		
44	Christ Church		
45	Al Madina Mosque		
46	Barking Muslims Association		
47	Dagenham Community Church		
48	Becontree Heath Methodist Church		
49	Dagenham Parish Church		
	<b>Black and Ethnic Minority Groups</b>		
50	Asian Welfare Association		
51	Barking & Dagenham African Welfare Association		
52	Barking & Dagenham Afro Caribbean Association		
53	Barking & Dagenham Bangladesh Welfare Association		
54	Barking & Dagenham Race Equality Council		
55	Barking Muslims Association		
56	Barking Muslims Social & Cultural Association		
57	Chinese & Vietnamese Association of Barking & Dagenham		
58	Commission For Racial Equality		
59	Essex Hindu Cultural Association		
60-110	Ethnic Minority Partnership Agency (EMPA) (50 questionnaires sent out through EMPA membership mailing list)		
111	Harmony House		
112	Indian Welfare & Cultural Association (Barking)		
113	Turkish Women's Group		
114	Kosovan/Albanian Group		
115	Somali Women's Group		

**THE EXECUTIVE****15 MARCH 2005****REPORT FROM THE DIRECTOR OF REGENERATION AND ENVIRONMENT**

<b>DEVELOPMENT OPTIONS FOR SOUTH DAGENHAM (WEST)</b>	<b>FOR DECISION</b>
<p>This report includes issues of a strategic nature which are reserved to the Executive for decision.</p> <p><b>Summary</b></p> <p>The Council has been engaged with the London Development Agency in developing the masterplan for South Dagenham. It has become apparent from work undertaken on the financial issues that the quality of the development will suffer due to the high costs of developing the site and low land values. To ensure that any development that does proceed is to the highest quality possible, the Council needs to clearly set out what it expects in terms of standards of development. By doing this the Council can signal its wishes to all the public sector agencies and private landowners involved in delivering Sustainable Communities in the Thames Gateway.</p> <p>This report sets out the general approach the Council will seek in relation to the re-development of the South Dagenham West site and the specific requirements arising from this approach. The Executive is asked to agree to promote the site as an exemplar of mixed use environmental development, incorporating within the master plan and any subsequent planning application, enhanced standards of environmental design, the comprehensive use of sustainable materials, renewables, and environmental management.</p> <p>The Council will negotiate higher environmental building standards for both the residential and commercial units, exceeding those set out in under Part L Building Regulations of the Sustainability and Security Act 2004. In addition, recognising that many of the potential improvements lie outside of the requirements of the current development standards and building regulations, it is proposed that housing on the South Dagenham site should exceed the ECOHomes Excellent rating.</p> <p><b>Recommendation</b></p> <p>The Executive is recommended to:</p> <ol style="list-style-type: none"> <li>1. Agree to promote the development of South Dagenham (west) as an environmental exemplar and to seek the environmental standards and requirements set out in Sections 3.1 – 3.3 of this report.</li> <li>2. Agree the specific development standards and requirements as set out in Section 4.1 of this report</li> </ol> <p><b>Wards Affected</b> River and Goresbrook</p>	

<b>Contact</b>			
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		Minicom:	020 – 8227 3034
		E-mail:	kevin.munnelly@lbbd.gov.uk

## 1.0 Background

1.1 Masterplanning of the whole of the South Dagenham site, both east and west (Map 1), has since September 2002 been undertaken by the London Development Agency (LDA). Progress to date on the production of the masterplan has been slow, held up in part by the severe constraints of the sites in terms of the high cost of remediation and the provision of essential infrastructure. These high development costs and low land values are currently challenging the financial viability of any redevelopment. There are also a number of outstanding policy issues that have yet to be resolved in relation to the development of the sites, the most pressing being the level of potential retail expansion in the South Dagenham West area.

## 2.0 Issues

- 2.1 One of the key issues to emerge in the development of masterplan options relates to the physical form and design of the new residential developments and how the built form will contribute positively to creating balanced communities and achieving social cohesion. The principal concern is that because of the low land values and high development costs, any large scale residential development will only be built to the minimum space, design and environmental quality standards and the area could be blighted by the type of dormant and soulless housing development that has attracted widespread criticism elsewhere in London. It is essential therefore, given the constrained nature of the site, that any redevelopment contributes positively to the creation of a sense of identity and place, which in turn will underpin and ensure the future growth of the community.
- 2.2 In Nov 2004 Axa/Sun Life announced that they had reached agreement with the LDA to purchase their landholdings in South Dagenham West, known locally as the 45 Acres site. This purchase, which has now been completed has consolidated their landownership in the area, as they already have title to the Merrilands Retail Park. Axa/Sun Life have also announced the creation of a £400m Regeneration Fund and through the Mayor of London they have signalled their intention to develop the western site for up to 2000 new residential units and 120,000 sq.ft. of retail floorspace, supported with an outline planning application by February 2006.
- 2.3 In terms of phasing of any development, it is considered that the Western site, now in the majority ownership of AXA/Sun Alliance, could be developed first out of the two sites. This is because it is better served by public transport and does not require the level of infrastructure investment needed to unlock the development potential on the eastern site. It is realistic to conclude that the only likely development to take place in South Dagenham before 2011 would be up to 1000 units in around Chequers Corner/Merrilands Crescent, supported by a reconfigured retail offer. Also as the site lies within the planning jurisdiction of the



East London UDC it is crucial that the Council is able to influence the direction of the masterplan and the subsequent content of the planning application to be submitted by Axa/Sun Life on the Western site.

### **3.0 Proposed Approach**

- 3.1 A key way to ensure that this negative scenario does not unfold is to make sure that any residential and retail development proposed on South Dagenham West is as distinctive and attractive as possible. Officers are proposing that the Executive agree that in any redevelopment of South Dagenham West the Council will seek a mixed use environmental housing and retail exemplar, incorporating within the masterplan and any subsequent planning application, enhanced standards of environmental design, the comprehensive use of sustainable materials, renewables, and environmental management. Environmental building standards for both the residential and commercial units should exceed those set out in under Part L Building Regulations of the Sustainability and Security Act 2004. Also, recognising that many of the potential improvements lie outside of the requirements of the current development standards and building regulations it is proposed that housing on the South Dagenham site should exceed the ECOHomes Excellent rating.
- 3.2 Officers have been approached by a number of potential development partners who have expressed interest in exploring the development of an environmental housing exemplar on the South Dagenham West site. These proposals have ranged from a Zero carbon Zero Waste proposal through to a more modest Eco-Village model. The reality of the high development costs associated with the site mean that it is highly unlikely that a pure Zero carbon option, as developed by Bioregional at BEDZED in Sutton, will be viable on this site. However, there are many zero and low cost options that could be accommodated into the design of the housing and retail proposals that could significantly improve its sustainable performance.
- 3.3 It is proposed that officers would in conjunction with existing landowners draft a set of sustainability standards that would underpin the development of the masterplan and inform the subsequent planning application. This would cover such issues as: primary energy consumption and renewables; embodied energy design and materials; water and waste management; sound proofing; sustainable design standards; accessible layouts; traffic management; ventilation and lighting; and biodiversity. This not a exhaustive list and there are further areas which officers would be seeking to develop for inclusion within the sustainability standards, such as Green Roofs and the development of car clubs as an alternative to private parking.
- 3.4 Officers recognised that achieving a high quality mixed use scheme on South Dagenham West which incorporates cutting edge environmental standards and management will require a change in mind set by developers, due to weighing up the increased costs against the environmental, PR and social benefits, as well as assisting in adding value to the current low land values. However, with the levels of public investment required to bring forward the sites in South Dagenham the Council should be insisting on the highest environmental standards. It is also recognised that the creation of a new high quality environmentally focused development will contribute significantly to the creation of a quality place, which

will make it more attractive to potential residents and businesses. It would also complement the other sustainable initiatives being promoted in the area such as Dagenham Dock Sustainable Industrial Park and the Environmental Technology Centre for London which are located a mile to the south of the Site.

#### **4.0 Development Standards and Section 106 Requirements**

4.1 The following development standards and Section 106 requirements will be sought in relation to any planning application submitted on the South Dagenham West site.

(1) Housing Mix

Housing Size	Percentage
1 Bed	26%
2 Bed	33%
3 Bed Flat/House	36%
4 Bed Flat/house	5%

(2) Affordable Housing

- 35% general + 15% GLA income based (Up to £45 pa) which are generally affordable within London.
- 50% Socially rented 50% Intermediate/Key worker

(3) RSL Provision

Agree that the Thames Gateway Alliance are engaged to work on this scheme and work with officers to optimise nomination rights for Borough residents.

(4) Public Transport and Parking Standards

- Agree to reduce parking standards provided that East London Transit to Dagenham Dock station is provided in advance of development and that an interchange is provided within Dagenham Dock Station.
- Support the additional costs of extending existing Bus services to Dagenham Dock station.

(5) Comprehensive Development

That developers actively engage with adjoining landowners to ensure a comprehensive plan is brought forward linking development beyond the site boundaries of the land owned by Axa/Sun Life for example the adjacent Goresbrook Parade.

(6) Chequers Corner

The Council will require the immediate demolition of the Chequers Corner site and its inclusion in the first phase of any redevelopment programme for South Dagenham West.

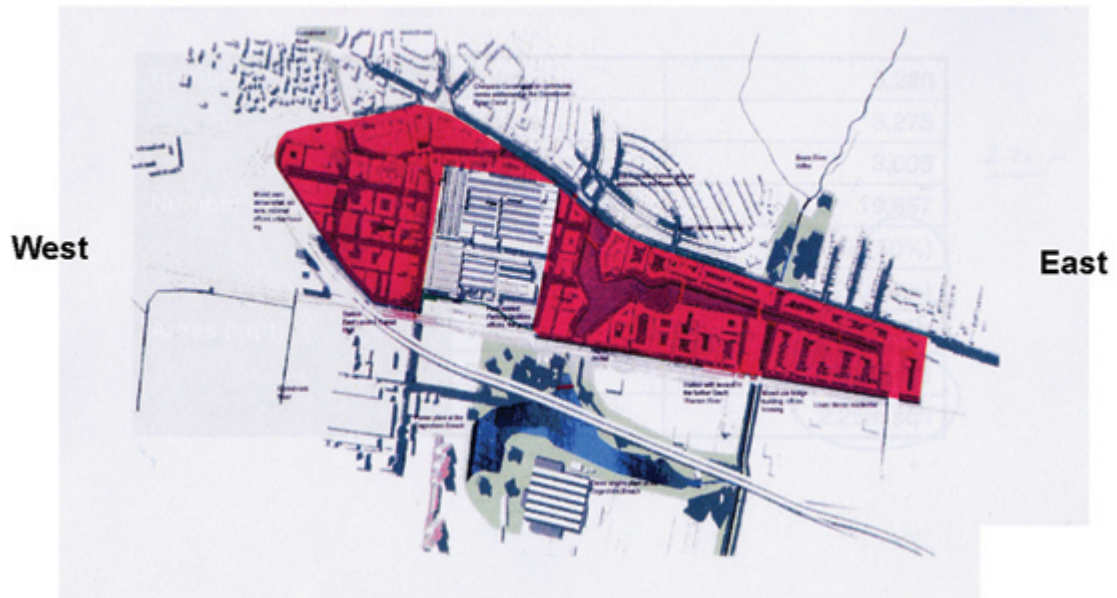
- (7) New Educational Provision  
The provision of a 3 form entry Primary and Nursery School and a financial contribution to support the establishment of a new secondary school to meet provision arising from the development.
- (8) Public Realm  
A financial contribution towards the implementation of the Heathway – Dagenham Dock Public Realm improvement programme.
- (9) Local Labour Scheme  
Enter into an Agreement to implement the Local Labour Scheme as set out in the Local Labour Advice Note, covering construction training and end uses.
- (10) General  
A financial contribution towards open space, public transport improvements, the new Dagenham Library, public art and the Goresbrook medical centre.
- (11) Management  
Consideration of the establishment of a Community Development and Environmental Trust to maintain the public realm and possibly the management of any flatted development, community facility and the provision of community support. This could include the provision of dedicated community development worker and possibly a contribution towards Street Wardens.
- (12) Restriction on the sale of Private Sector Housing  
Agree to restrictions on the amount of private sector housing sold to investors to restrict the amount of private sector rented.
- (13) Phasing  
Not to build or open any new retail developments that may be agreed until the new Dagenham Library is built and opened and new retail investment has started in Barking Town Centre.

## **5.0 Complementary Development in Dagenham**

- 5.1 The development of South Dagenham West also needs to be seen in the context and the phasing of proposed development in the wider Dagenham area, which will inform and be informed by its development.
- 5.2 The first of these is the proposed redevelopment of 1-11 Goresbrook Road and 1-9 Chequers Parade. Currently an Urban Design and Financial Feasibility report is being prepared for this site. The preliminary findings of this report support a complete redevelopment of this strategic corner site for approximately 62 residential units and a medical centre. Further work is being undertaken on assessing the scope for the new medical facility to part meet the medical needs arising from the redevelopment of South Dagenham West site.

- 5.3 The Second development is the proposal for a new Library and Customer First Centre in the Heathway. Again, the Council have commissioned an Urban Design and Financial Feasibility report into this proposal as part of a wider regeneration strategy being prepared for the Heathway. Preliminary findings from the financial assessment are indicating that a mixed use scheme including housing could deliver a state of the art Library and Customer First Centre as part of the development. This facility is seen as being critical in underpinning the regeneration of the Heathway and would provide a key social infrastructure facility for the new residents of South Dagenham West.
- 5.4 Both these schemes were considered by the Executive on 8 March 2005.
- 6.0 **Financial Implications**
- 6.1 There are no direct financial issues arising from this report.

### South Dagenham West Both Sides



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**THE EXECUTIVE****15 MARCH 2005****DIRECTOR OF SOCIAL SERVICES**

<b>SUPPORTING PEOPLE – AUDIT COMMISSION REPORT</b>		<b>FOR DECISION</b>
<b>Summary</b>		
<p>This report describes the Supporting People programme and explains the results of recent Audit Commission inspection of the Supporting People Programme, and the Delivery and Improvement plan.</p>		
<b>Recommendations</b>		
<ol style="list-style-type: none"> <li>1. The Executive note the Audit Commission report and recommendations (Appendix 1)</li> <li>2. The Executive endorse the delivery and improvement plan (Appendix 2)</li> <li>3. An annual report is made to the Executive on the Supporting People Programme.</li> </ol>		
<b>Reasons</b>		
<p>The Council has a duty to demonstrate Value for Money and allocating resources fairly to meet the needs of all vulnerable groups in the community.</p> <p>The results of the inspection will affect the Council's CPA rating in future years.</p>		
<b>Contact Officers:</b>		
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**1. Background**

- 1.1 The Supporting People Programme commissions housing related support for vulnerable groups. Support is provided through a mix of schemes provided by the Council and external providers. Some of the schemes deliver "floating support" in people's own homes, while many are based around accommodation.

- 1.2 Decisions about funding are made in partnership with health and probation through a Supporting People Commissioning Body which is now chaired by the Director of Housing and Health.
- 1.3 The scheme went live in April 2003. The Council took a cautious approach to the inclusion of marginal services in submissions during the lead in period and receives a comparatively low grant as a result. Compared to other areas, if resources were allocated according to need we would receive more than double the current allocation. ODPM have indicated resources in future years will be based on a needs based formula. However the size of the overall pot will shrink and it is not possible to predict if and when we will receive additional funding.
- 1.4 Against this background we need to lobby for additional funding but also make it clear we can manage what we have well.

## **2. Audit Commission Inspection and Response**

- 2.1 The Audit Commission inspected Barking & Dagenham Supporting People Programme at the end of November 2004. Feedback during the inspection, confirmed in the inspection report, was that we were providing a poor service, with uncertain prospects for improvement.

## **3. Learning Lessons**

- 3.1 The comprehensive feedback during the inspection and detailed in the inspection report have provided a useful template for developing a detailed improvement plan for the supporting people programme. Changes in the governance arrangements, improved senior level commitment to supporting people, and changes in the supporting people team will ensure the Council has a much improved judgement when the service is re-inspected in 12 months time.
- 3.2 Preparation for the inspection was also not as robust as it could have been. In future there will be a rigorous approach to pre-inspection audit of services well in advance of any impending external review or inspection which will allow sufficient time for remedial action to be taken.
- 3.3 The cross cutting nature of the programme and inspection planning was not sufficiently addressed corporately across the Council.
- 3.4 In future CMT and CMG will receive a report and project plan for all planned inspections and monitor the outcome.

## **4. Delivery and Improvement Plan**

- 4.1 A comprehensive improvement plan was developed which included fundamental changes to the governance and decision making processes, increased leadership at Director level, and engagement by Members, and additional capacity and external support for the Supporting People team.



- 4.2 The action plan is monitored by the Corporate Monitoring Group and the Corporate Management Team. Additional controls are being set in train to ensure the Council can be confident that required improvements are made.
- 4.3 The report of the inspection was received at the end of February and placed on the Audit Commission website on the 3<sup>rd</sup> March. Following the Executive the Council will be providing a response which will also be published on the website.

## **5. Supporting People 5-year Strategy**

- 5.1 The Council has to produce a 5-year strategy setting out plans for the Supporting People programme from 2005 - 2010 . Although we are unclear about allocations for future years (see above) we do know there are some client groups who currently receive little or no provision, notably offenders and people with drug and alcohol problems.
- 5.2 The 5-year strategy recommends re-allocation of resources from the comparatively well provided, in order to resource these groups. The changes would take place in year's 2-5 of the strategy following a review of all schemes, and a detailed risk/impact assessment of any changes in funding proposed. As more information about need is analysed in a structured way during 2005/6 further changes will be proposed.
- 5.3 Re-directing resources from groups that have received funding on a prolonged basis may be a challenge for the Council. In addition there are major schemes which fall within the Supporting People remit, where it has proved difficult at this stage to identify funding within the existing programme e.g. the Foyer scheme.
- 5.4 The 5 –year strategy is currently being consulted with all stakeholders. It will need to be formally adopted by the Council prior to submission to the Office of the Deputy Prime Minister. It will be reported to Assembly in May 2005.

## **6. Conclusion**

- 6.1 This is a critical time for the Supporting People Programme in Barking & Dagenham. The inspection highlighted fundamental weaknesses in programme delivery and radical changes have been made in response. The 5-year strategy has set a direction of travel for the programme which is far more challenging than was originally envisaged.

*Background Papers  
Audit Commission Report  
Delivery & Improvement Plan*

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**THE EXECUTIVE****15 MARCH 2005****REPORT FROM THE DIRECTOR OF REGENERATION AND ENVIRONMENT**

<b>UNITARY DEVELOPMENT PLAN STEERING GROUP – CHANGE OF NAME, TERMS OF REFERENCE AND MEMBERSHIP</b>	<b>FOR DECISION</b>
<p><i>The report concerns issue that require a decision and recommendation from the Executive to the Assembly.</i></p> <p><b>Summary</b></p> <p>The Planning and Compulsory Purchase Act commenced in Sept 2004. The Act requires the Council to produce a Local Development Framework (LDF), which will replace the existing Unitary Development Plan (UDP).</p> <p>The Council is commencing work on the LDF.</p> <p>The change in terminology from UDP to LDF necessitates a name change of the UDP Steering Group and this also provides an opportunity to consider the Terms of Reference and membership for the new LDF Steering Group.</p> <p>The UDP Steering Group consists of three members of the Executive, with the last appointments being Councillors Fairbrass, Alexander and Councillor Osborn. Given that Councillor Osborn is no longer on the Executive, a new member will need to be appointed to the Steering Group.</p> <p>Two councillors were also appointed to attend the UDP Steering Group in a non-voting capacity to represent the Development Control Board. The current appointees are Councillors Kallar and Mrs Bruce.</p> <p><b>Wards Affected</b> - None Specifically</p> <p><b>Recommendations</b></p> <p>The Executive is recommended to support:</p> <ol style="list-style-type: none"> <li>1. The renaming of the Unitary Development Plan Steering Group to the Local Development Framework Steering Group;</li> <li>2. the proposed amended Terms of Reference for the new Local Development Framework Steering Group;</li> <li>3. the continued appointment of two non-voting representatives on the new Local Development Framework Steering Group from the Development Control Board, namely the Chair and Vice-Chair of the Development Control Board.</li> </ol>	

4. Note the need for the Executive to appoint an Executive member to the LDF Steering Group to replace Councillor Osborn, and accordingly agree that the Executive Representatives shall be Councillor Fairbrass, Councillor Alexander and Councillor Kallar.

### **Reason**

To align the steering group name and to confirm the Terms of Reference following the change in legislation. To confirm the membership of the Steering Group.

### **Contact**

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## **1. Background**

- 1.1 The Unitary Development Plan Steering Group membership and Terms of Reference were last reaffirmed by the Executive at its meeting of 16 May 2001.
- 1.2 With the commencement of the Planning and Compulsory Purchase Act (2004) the Council is commencing work on a new development plan known as the Local Development Framework (LDF).
- 1.3 The name and Terms of Reference of the steering group need to be amended to reflect the change in the name of the development plan.
- 1.4 The membership of the steering group has consisted of members of the Executive; being Councillors Fairbrass, Alexander and Osborn. Councillors Bruce and Kallar have been invited as non-voting members of the steering group.
- 1.5 With the change in the Executive Councillor Osborn is no longer a member of the Steering Group and a decision will need to be made on which Councillor should be appointed to fill the vacancy.

## **2. Terms of Reference**

- 2.1 At the Executive meeting of the 16 May 2001 (Minute 638) the following Terms of Reference for the UDP Steering Group were re-confirmed:
  - To act as a liaison mechanism between officers and Members to examine and make recommendations upon suitable policies and proposals for the content and process of the UDP review;
  - To seek to ensure co-ordination between the UDP review and other Council initiatives; and
  - To heighten the sense of sense of ownership of the UDP review amongst Members of the Executive and to clarify the Executive's lead role

- 2.2 At session No. 1 on 19 September 2001 it was also recommended that the Steering Group receives and advises upon changes in Government policy and guidance that will affect the decision making process of the Council as the Local Planning Authority.
- 2.3 In light of the Council's commencement of the Local Development Framework, it is recommended that the Terms of Reference be amended to read as follows:
- To act as a liaison mechanism between Officers and Councillors to examine and make recommendations upon suitable policies and proposals for the content and process of the production of the Local Development Framework;
  - To seek to ensure co-ordination between the production of the Local Development Framework and other Council strategies and initiatives;
  - To heighten the sense of ownership of the Local Development Framework amongst Members of the Executive, and to clarify the Executive's lead role; and
  - To receive and advise upon changes in Government policy and guidance that will affect the decision making process of the Council and the Local Planning Authority.

### **3. Membership**

3.1 The membership of the UDP Steering Group has been:

#### **Voting members:**

- Councillor Fairbrass
- Councillor Osborn
- Councillor Alexander

#### **Non-voting invitees**

- Councillor Bruce
- Councillor Kallar

3.2 The Executive will need to consider appointing a new voting member to the Steering Group. The Unitary Development Plan Steering Group at its meeting on 9 February 2005 considered the issues and is recommending to the Executive that the membership of the Local Development Framework Steering Group should be

#### **Voting members:**

- Councillor Fairbrass
- Councillor Kallar
- Councillor Alexander

### **Non-voting invitees**

- Chair of Development Control Board
- Vice-Chair of the Development Control Board

### **4 Financial Implications**

There are no financial implications in the proposals.

### **5. Consultation**

Unitary Development Steering Group, 9 February 2005

### **Background Papers**

- Executive Minute 638, 16 May 2001.
- Planning and Compulsory Purchase Act (2004)

**THE EXECUTIVE****15 MARCH 2005****REPORT OF THE DIRECTOR OF FINANCE**

<b>LOCAL GOVERNMENT PENSION SCHEME - FUNDING STRATEGY STATEMENT</b>	<b>FOR DECISION</b>	
<p><i>This report deals with the Local Government Pension Scheme Funding Strategy Statement.</i></p> <p><b>Summary</b></p> <p>The purpose of this report is to agree the Funding Strategy Statement for 2005/06 in accordance with the Local Government Pension Scheme (England and Wales) (Amendment) Regulations 2004. These regulations came into effect on 1<sup>st</sup> April 2004, and which require authorities to prepare a Funding Strategy Statement by 31<sup>st</sup> March 2005.</p> <p>The purpose of the Funding Strategy Statement is as follows:</p> <ul style="list-style-type: none"> <li>• To establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;</li> <li>• To support the regulatory requirement to maintain as nearly consistent employer contributions as possible; and</li> <li>• To take a prudent longer-term view of funding those liabilities.</li> </ul> <p>Admitted bodies have been circulated for comment on this document. Responses have been considered in preparing the Funding Strategy Statement.</p> <p><b>Recommendation</b></p> <p>The Executive is asked to consider and approve the attached Funding Strategy Statement for 2005/06 (appendix 1).</p> <p><b>Reason</b></p> <p>It is a statutory requirement for this report to be prepared by the 31<sup>st</sup> March 2005.</p>		
<p>Contact Officer: John Hooton</p>	<p>Title: Assistant Head of Corporate Finance</p>	<p>Tel: 020 8227 2966 E-mail: <a href="mailto:john.hooton@lbbd.gov.uk">john.hooton@lbbd.gov.uk</a> Minicom: 020 8227 2413</p>

## **FUNDING STRATEGY STATEMENT**

### **1. Introduction**

This is the Funding Strategy Statement (FSS) of the London Borough of Barking and Dagenham Pension Fund (“the Fund”), which is administered by the London Borough of Barking and Dagenham, (“the Administering Authority”).

It has been prepared by the Administering Authority in collaboration with the Fund’s actuary, Hymans Robertson, and after consultation with the Fund’s employers and investment adviser and is effective from 31 March 2005.

#### **1.1 Regulatory Framework**

Members’ accrued benefits are guaranteed by statute. Members’ contributions are fixed in the Regulations at a level which covers only part of the cost of accruing benefits. Employers pay the balance of the cost of delivering the benefits to members. The FSS focuses on the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers pay for their own liabilities.

The FSS forms part of a framework which includes:

- the Local Government Pension Scheme Regulations 1997 (regulations 76A and 77 are particularly relevant);
- the Rates and Adjustments Certificate, which can be found appended to the Fund actuary’s triennial valuation report;
- actuarial factors for valuing early retirement costs and the cost of buying extra service; and
- the Statement of Investment Principles.

This is the framework within which the Fund’s actuary carries out triennial valuations to set employers’ contributions, provides recommendations to the Administering Authority when other funding decisions are required, such as when employers join or leave the Fund. The FSS applies to all employers participating in the Fund.

#### **1.2 Reviews of FSS**

The FSS is reviewed in detail at least every three years ahead of triennial valuations being carried out, with the next full review due to be completed by 31 March 2008. More frequently, Annex A is updated to reflect any changes to employers.

The FSS is a summary of the Fund’s approach to funding liabilities. It is not an exhaustive statement of policy on all issues.

### **2. Purpose**



## 2.1 Purpose of FSS

The Office of the Deputy Prime Minister (ODPM) has stated that the purpose of the FSS is:

- *“to establish a **clear and transparent fund-specific strategy** which will identify how employers’ pension liabilities are best met going forward;*
- *to support the regulatory framework to maintain **as nearly constant employer contribution rates as possible**; and*
- *to take a **prudent longer-term view** of funding those liabilities.”*

These objectives are desirable individually, but may be mutually conflicting.

This statement sets out how the Administering Authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers’ contributions, and prudence in the funding basis.

## 2.2 Purpose of the Fund

The Fund is a vehicle by which scheme benefits are delivered. The Fund:

- receives contributions, transfer payments and investment income;
- pays scheme benefits, transfer values and administration costs.

One of the objectives of a funded scheme is to reduce the variability of pension costs over time for employers compared with an unfunded (pay-as-you-go) alternative.

The roles and responsibilities of the key parties involved in the management of the pension scheme are summarised in Annex B.

## 2.3 Aims of the Funding Policy

The objectives of the Fund’s funding policy are as follows:

- to ensure the long-term solvency of the Fund and the long term solvency of shares of the Fund attributable to individual employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- not to restrain unnecessarily the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk;
- to help employers recognise and manage pension liabilities as they accrue;

- to minimise the degree of short-term change in the level of each employer's contributions where the Administering Authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations; and
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective.

### **3. Solvency Issues and Target Funding Levels**

#### **3.1 Derivation of Employer Contributions**

Employer contributions are normally made up of two elements:

- a) the estimated cost of future benefits being accrued, referred to as the "*future service rate*"; plus
- b) an adjustment for the funding position (or "solvency") of accrued benefits relative to the Fund's solvency target, "*past service adjustment*". If there is a surplus there may be a contribution reduction; if a deficit a contribution addition, with the surplus or deficit spread over an appropriate period.

The Fund's actuary is required by the regulations to report the *Common Contribution Rate*, for all employers collectively at each triennial valuation. It combines items (a) and (b) and is expressed as a percentage of pay. For the purpose of calculating the Common Contribution Rate, the deficit under (b) is currently spread over a period of 20 years.

The Fund's actuary is also required to adjust the Common Contribution Rate for circumstances which are deemed "peculiar" to an individual employer. It is the adjusted contribution rate which employers are actually required to pay. The sorts of peculiar factors which are considered are discussed in Section 3.5.

In effect, the *Common Contribution Rate* is a notional quantity. Separate future service rates are calculated for each employer together with individual past service adjustments according to employer-specific spreading and phasing periods.

Annex A contains a breakdown of each employer's contributions following the 2004 valuation for the financial years 2005/06, 2006/07 and 2007/08.

Any costs of non ill-health early retirements must be paid as lump sum payments at the time of the employer's decision in addition to the contributions described above (or by instalments shortly after the decision).

Employers' contributions are expressed as minima, with employers able to pay regular contributions at a higher rate. Employers should discuss with the Administering Authority before making one-off capital payments.

#### **3.2 Solvency and Target Funding Levels**

The Fund's actuary is required to report on the "solvency" of the whole fund at least every three years.

'Solvency' for ongoing employers is defined to be the ratio of the market value of assets to the value placed on accrued benefits on the Fund actuary's *ongoing funding basis*. This quantity is known as a funding level.

The ongoing funding basis is that used for each triennial valuation and the Fund actuary agrees the financial and demographic assumptions to be used for each such valuation with the administering authority.

The fund operates the same target funding level for all ongoing employers of 100% of its accrued liabilities valued on the ongoing basis. Please refer to paragraph 3.8 for the treatment of departing employers.

### **3.3 Ongoing Funding Basis**

The demographic assumptions are intended to be best estimates of future experience in the Fund. They vary by type of member reflecting the different profile of employers.

The key financial assumption is the anticipated return on the Fund's investments. The investment return assumption makes allowance for anticipated returns from equities in excess of bonds. There is, however, no guarantee that equities will out-perform bonds. The risk is greater when measured over short periods such as the three years between formal actuarial valuations, when the actual returns and assumed returns can deviate sharply.

It is therefore normally appropriate to restrict the degree of change to employers' contributions at triennial valuation dates.

Given the very long-term nature of the liabilities, a long term view of prospective returns from equities is taken. For the 2004 valuation, it is assumed that the Fund's equity investments will deliver an average additional return of 2% a year in excess of the return available from investing in index-linked government bonds at the time of the valuation.

The same financial assumptions are adopted for all ongoing employers.

### **3.4 Future Service Contribution Rates**

The future service element of the employer contribution rate is calculated on the ongoing valuation basis, with the aim of ensuring that there are sufficient assets built up to meet future benefit payments in respect of future service. The approach used to calculate each employer's future service contribution rate depends on whether or not new entrants are being admitted. Employers should note that it is only Admission Bodies that may have the power not to admit automatically all eligible new staff to the Fund, depending on the terms of their Admission Agreements and employment contracts.

#### **3.4.1 Employers that admit new entrants**

The employer's future service rate will be based upon the cost (in excess of members' contributions) of the benefits which employee members earn from their service each year. Technically these rates will be derived using the *Projected Unit Method* of valuation with a one year control period.

If future experience is in line with assumptions, and the employer's membership profile remains stable, this rate should be broadly stable over time. If the membership of employees matures (e.g. because of lower recruitment) the rate would rise.

### **3.4.2 Employers that do not admit new entrants**

Certain Admission Bodies have closed the scheme to new entrants. This is expected to lead to the average age of employee members increasing over time and hence, all other things being equal, the future service rate is expected to increase as the membership ages.

To give more long term stability to such employers' contributions, the *Attained Age* funding method is adopted. This will limit the degree of future contribution rises by paying higher rates at the outset.

Both funding methods are described in the Actuary's report on the valuation.

Both future service rates will include expenses of administration to the extent that they are borne by the Fund and include an allowance for benefits payable on death in service and ill health retirement.

## **3.5 Adjustments for Individual Employers**

Adjustments to individual employer contribution rates are applied both through the calculation of employer-specific future service contribution rates and the calculation of the employer's asset share.

The combined effect of these adjustments for individual employers applied by the Fund actuary relate to:

- past contributions relative to the cost of accruals of benefits;
- different liability profiles of employers (e.g. mix of members by age, gender, manual/non manual);
- the effect of any differences in the valuation basis on the value placed on the employer's liabilities;
- any different deficit/surplus spreading periods or phasing of contribution changes;
- the difference between actual and assumed rises in pensionable pay;
- the difference between actual and assumed increases to pensions in payment and deferred pensions;

- the difference between actual and assumed retirements on grounds of ill-health from active status;
- the difference between actual and assumed amounts of pension ceasing on death;
- the additional costs of any non ill-health retirements relative to any extra payments made;

over the period between each triennial valuation.

Actual investment returns achieved on the Fund between each valuation are applied proportionately across all employers. Transfers of liabilities between employers within the Fund occur automatically within this process, with a sum broadly equivalent to the reserve required on the ongoing basis being exchanged between the two employers.

### **3.6 Asset Share Calculations for Individual Employers**

The Administering Authority does not account for each employer's assets separately. The Fund's actuary is required to apportion the assets of the whole fund between the employers at each triennial valuation using the income and expenditure figures provided for certain cash flows for each employer. This process adjusts for transfers of liabilities between employers participating in the Fund, but does make a number of simplifying assumptions. The split is calculated using an actuarial technique known as "analysis of surplus". The methodology adopted means that there will inevitably be some difference between the asset shares calculated for individual employers and those that would have resulted had they participated in their own ring-fenced section of the Fund. The asset apportionment is capable of verification but not to audit standard.

The Administering Authority recognises the limitations in the process, but having regard to the extra administration cost of building in new protections, it considers that the Fund actuary's approach addresses the risks of employer cross-subsidisation to an acceptable degree.

### **3.7 Stability of Employer Contributions**

#### **3.7.1 Deficit Recovery Periods**

The Administering Authority instructs the actuary to adopt specific deficit recovery periods for all employers when calculating their contributions.

The Administering Authority normally targets the recovery of any deficit over a period not exceeding 20 years. However, these are subject to the maximum lengths set out in the table below.

<b>Type of Employer</b>	<b>Maximum Length of Deficit Recovery Period</b>
-------------------------	--

Statutory bodies with tax raising powers	a period not exceeding 20 years
Community Admission Bodies with funding guarantees	a period not exceeding 20 years
Best Value Admission Bodies	the period from the start of the revised contributions to the end of the employer's contract
Community Admission Bodies that are closed to new entrants e.g. Bus Companies, whose admission agreements continue after last active member retires	a period equivalent to the expected future working lifetime of the remaining scheme members allowing for expected leavers, subject to not less than 9 years.
All other types of employer	a period equivalent to the expected future working lifetime of the remaining scheme members

This *maximum* period is used in calculating each employer's *minimum* contributions. Employers may opt to pay higher regular contributions than these minimum rates.

The deficit recovery period starts at the commencement of the revised contribution rate (1 April 2005 for 2004 valuation). The Administering Authority would normally expect the same period to be used at successive triennial valuations, but would reserve the right to propose alternative spreading periods, for example to improve the stability of contributions.

### 3.7.2 *Surplus Spreading Periods*

Any employers deemed to be in surplus may be permitted to reduce their contributions below the cost of accruing benefits, by spreading the surplus element over the maximum periods shown above for deficits in calculating their **minimum** contributions.

However, to help meet the stability requirement, employers may prefer not to take such reductions.

### 3.7.3 *Phasing in of Contribution Rises*

Best Value Admission Bodies are not eligible for phasing in of contribution rises. Other employers will phase in contribution rises as follows:

- for employers contributing at or above its future service rate in 2004/05, phasing in the rise in employer contributions over a period of three years;
- for employers contributing at less than its future service rate in 2004/05, phasing in the rise in contribution rises over a period of up to four years.

Employers are notified of the results of the tri-annual actuarial valuation, and the implications that this has on employer contributions. These details have been summarised in Annex A.

#### **3.7.4 Phasing in of Contribution Reductions**

Any contribution reductions will be phased in over six years for all employers except Best Value Admission Bodies who can take the reduction with immediate effect.

#### **3.7.5 The Effect of Opting for Longer Spreading or Phasing-In**

Employers which are permitted and elect to use a longer deficit spreading period than was used at the 2001 valuation or to phase-in contribution changes will be assumed to incur a greater loss of investment returns on the deficit by opting to defer repayment. Thus, deferring paying contributions will lead to higher contributions in the long-term.

However any adjustment is expressed for different employers the overriding principle is that the discounted value of the contribution adjustment adopted for each employer will be equivalent to the employer's deficit.

### **3.8 Admission Bodies ceasing**

Admission Agreements for Best Value contractors are assumed to expire at the end of the contract.

Admission Agreements for other employers are generally assumed to be open-ended and to continue until the last pensioner dies. Contributions, expressed as capital payments, can continue to be levied after all the employees have retired. These Admission Agreements can however be terminated at any point.

If an Admission Body's admission agreement is terminated, the Administering Authority instructs the Fund actuary to carry out a special valuation to determine whether there is any deficit.

The assumptions adopted to value the departing employer's liabilities for this valuation will depend upon the circumstances. For example:

- (a) For Best Value Admission Bodies, the assumptions would be those used for an ongoing valuation to be consistent with those used to calculate the initial transfer of assets to accompany the active member liabilities transferred.
- (b) For non Best Value Admission Bodies that elect to voluntarily terminate their participation, the Administering Authority must look to protect the interests of other ongoing employers and will require the actuary to adopt valuation assumptions which, to the extent reasonably practicable, protect the other employers from the likelihood of any material loss emerging in future. This could give rise to significant payments being required.
- (c) For Admission Bodies with guarantors, it is possible that any deficit could be transferred to the guarantor in which case it may be possible to simply

transfer the former Admission Bodies members and assets to the guarantor, without needing to crystallise any deficit.

Under (a) and (b), any shortfall would be levied on the departing Admission Body as a capital payment.

### **3.9 Early Retirement Costs**

#### **3.9.1 *Non Ill Health retirements***

The actuary's funding basis makes no allowance for premature retirement except on grounds of ill-health. Employers are required to pay additional contributions wherever an employee retires before attaining the age at which the valuation assumes that benefits are payable.

It is assumed that members' benefits on age retirement are payable from the earliest age that the employee could retire without incurring a reduction to their benefit and without requiring their employer's consent to retire.

The additional costs of premature retirement are calculated by reference to these ages.

#### **3.9.2 *Ill health monitoring***

The Fund monitors each employer's, or pool of employers, ill health experience on an ongoing basis. If the cumulative number of ill health retirement in any financial year exceeds the allowance at the previous valuation, the employer will be charged additional contributions on the same basis as apply for non ill-health cases.

## **4. Links to Investment Strategy**

Funding and investment strategy are inextricably linked. Investment strategy is set by the administering authority, after consultation with the employers and after taking investment advice.

### **4.1 Investment Strategy**

The investment strategy currently being pursued is described in the Fund's Statement of Investment Principles. For details of this, please refer to Annex C.

The investment strategy is set for the long-term, but is reviewed from time to time, normally every three years, to ensure that it remains appropriate to the Fund's liability profile. The Administering Authority has adopted a benchmark, which sets the proportion of assets to be invested in key asset classes such as equities, bonds and property. As at 31 March 2004, the proportion held in equities and property was 78% of the total Fund assets.

The investment strategy of lowest risk – but not necessarily the most cost-effective in the long-term – would be 100% investment in index-linked government bonds.



The Fund's benchmark includes a significant holding in equities in the pursuit of long-term higher returns than from index-linked bonds. The Administering Authority's strategy recognises the relatively immature liabilities of the Fund and the secure nature of most employers' covenants.

The same investment strategy is currently followed for all employers. The Administering Authority does not currently have the facility to operate different investment strategies for different employers.

## **4.2 Consistency with Funding Basis**

The Fund's investment adviser's current *best estimate* of the long-term return from equities is around 3% a year in excess of the return available from investing in index-linked government bonds.

In order to reduce the volatility of employers' contributions, the funding policy currently anticipates returns of 2% a year, which is 1% year less than the *best estimate* return.

The anticipated future returns from equities used to place a value on employers' liabilities only relate to the part of the Fund's assets invested in equities (or equity type investments), currently around 78% of all the Fund's assets.

Non equity assets invested in bonds and cash are assumed to deliver long-term returns of 0.4% pa more than the prevailing redemption yield on Government bonds.

In this way, the employer contributions anticipate returns from Fund assets which in the Fund actuary's opinion there is a better than 50:50 chance of delivering over the long-term (measured over periods in excess of 20 years).

However, in the short term – such as the three yearly assessments at formal valuations – there is the scope for considerable volatility and there is a material chance that in the short-term and even medium term, asset returns will fall short of this target. The stability measures described in Section 5 will damp down, but not remove, the effect on employers' contributions.

The Fund does not hold a contingency reserve to protect it against the volatility of equity investments.

## **4.3 Balance between risk and reward**

Prior to implementing its current investment strategy, the Administering Authority considered the balance between risk and reward by altering the level of investment in potentially higher yielding, but more volatile, asset classes like equities. This process was informed by the use of Asset-Liability techniques to model the range of potential future solvency levels and contribution rates.

In the light of the 2004 valuation results which showed the sensitivity of individual employers' contributions to changes in investment returns, the Administering Authority is reviewing whether its single strategy should be refined. Enabling other investment strategies will require investment in new systems and higher ongoing

costs which would have to be borne by the employers. The potential benefits of multiple investment strategies need to be assessed against the costs.

#### 4.4 Intervaluation Monitoring of Funding Position

The Administering Authority monitors investment performance relative to the growth in the liabilities by means of annual interim valuations, measuring investment returns relative to the returns on a least risk portfolio of index-linked bonds. It reports back to employers by on an annual basis, following the production of the relevant information by the Fund's actuary.

### 5. Key Risks & Controls

#### 5.1 Types of Risk

The Administering Authority's has an active risk management programme in place. The measures that the Administering Authority has in place to control key risks are summarised below under the following headings:

- financial;
- demographic;
- regulatory; and
- governance.

#### 5.2 Financial Risks

Risk	Summary of Control Mechanisms
Fund assets fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long-term	<p><i>Only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing.</i></p> <p><i>Analyse progress at three yearly valuations for all employers.</i></p> <p><i>Inter-valuation roll-forward of liabilities between formal valuations at whole fund level, provided on an annual basis</i></p>
Inappropriate long-term investment strategy	<p><i>Set Fund-specific benchmark, informed by Asset-Liability modelling of liabilities.</i></p> <p><i>Measuring performance and setting managers' targets as set out in the "fund objective guidelines". .</i></p>
Fall in risk-free returns on Government bonds, leading to rise in value placed on liabilities	<p><i>Inter-valuation monitoring, as above.</i></p> <p><i>Some investment in bonds helps to mitigate this risk.</i></p>
Active investment manager under-performance relative to	<p><i>Short term (quarterly) investment monitoring analyses market performance</i></p>

benchmark	<i>and active managers relative to their index benchmark.</i>
Pay and price inflation significantly more than anticipated	<p><i>The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases.</i></p> <p><i>Inter-valuation monitoring, as above, gives early warning.</i></p> <p><i>Some investment in bonds also helps to mitigate this risk.</i></p> <p><i>Employers pay for their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.</i></p>
Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies	<p><i>Seek feedback from employers on scope to absorb short-term contribution rises.</i></p> <p><i>Mitigate impact through deficit spreading and phasing in of contribution rises.</i></p> <p><i>Consideration of the effects of possible increases in employer rates in the Council's Medium Term Financial Strategy.</i></p>

### 5.3 Demographic Risks

<b>Risk</b>	<b>Summary of Control Mechanisms</b>
Pensioners living longer.	<p><i>Set mortality assumptions with some allowance for future increases in life expectancy.</i></p> <p><i>Fund actuary monitors combined experience of around 50 funds to look for early warnings of lower pension amounts ceasing than assumed in funding.</i></p>
Deteriorating patterns of early retirements	<p><i>Employers are charged the extra capital cost of non ill health retirements following each individual decision.</i></p> <p><i>Employer ill health retirement experience is monitored.</i></p>

## 5.4 Regulatory

Risk	Summary of Control Mechanisms
Changes to regulations, e.g. more favourable benefits package, potential new entrants to scheme, e.g. part-time employees	<i>The Administering Authority is alert to the potential creation of additional liabilities and administrative difficulties for employers and itself.</i>
Changes to national pension requirements and/or Inland Revenue rules e.g. effect of abolition of earnings cap for post 1989 entrants from April 2006	<p><i>It considers all consultation papers issued by the ODPM and comments where appropriate.</i></p> <p><i>The Administering Authority will consult employers where it considers that it is appropriate.</i></p>

## 5.5 Governance

Risk	Summary of Control Mechanisms
Administering Authority unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements).	<p><i>The Administering Authority monitors membership movements on a quarterly basis, via a report from the administrator at quarterly meetings.</i></p> <p><i>The Actuary may be instructed to consider revising the rates and Adjustments certificate to increase an employer's contributions (under Regulation 78) between triennial valuations</i></p> <p><i>Deficit contributions are expressed as monetary amounts (see Annex A).</i></p>
Administering Authority not advised of an employer closing to new entrants.	<p><i>The Administering Authority monitors membership movements on a quarterly basis.</i></p>
Administering Authority failing to commission the Fund Actuary to carry out a termination valuation for a departing Admission Body and losing the opportunity to call in a debt.	<p><i>The Administering Authority believes that it would normally be too late to address the position if it was left to the time of departure.</i></p> <p><i>The risk is mitigated by:</i></p> <ul style="list-style-type: none"> <li><i>• Seeking a funding guarantee from another scheme employer, or external</i></li> </ul>

	<p><i>body, where-ever possible.</i></p> <ul style="list-style-type: none"><li>• <i>Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice.</i></li><li>• <i>Vetting prospective employers before admission.</i></li><li>• <i>Offering lower risk investment strategies – with higher employer contributions - for Best Value Admission Bodies to reduce the risk of volatile contributions and a significant debt crystallising on termination.</i></li></ul>
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## Annex A – Employers’ Contributions, spreading and phasing periods:

Following the 2004 valuation, the minimum total employer contributions to be shown in the Rates and Adjustment certificate attached to the 2004 valuation report are detailed in the table below:

<b>Employer</b>	<b>2001 Contribution Rates (% of payroll)</b>	<b>2004 Contribution Rates (% of payroll)</b>
LB of Barking and Dagenham	9.0%	16.2%
University of East London	6.0%	15.9%
Barking College	8.0%	13.8%
Age Concern	8.0%	17.5%
Barking Abbeyfield Society	8.0%	17.1%
Barking and Dagenham CAB	10.5%	10.5%
London Riverside	10.5%	10.5%
Thames Accord	16.4%	16.4%

These contribution rates will be phased as follows:

<b>Employer</b>	<b>Current Rate</b>	<b>2005/06 Rate</b>	<b>2006/07 Rate</b>	<b>2007/08 Rate</b>	<b>Future Service Funding Rate</b>
LB Barking and Dagenham	9%	12%	15%	16.2%	12.1%
University of East London	6%	11.9%	11.9%	13.5%	11.9%
Barking College	8%	10%	12%	13.8%	11.7%
Age Concern	8%	11%	14%	17.5%	15%
Barking Abbeyfield Society	8%	11%	14%	17.1%	14.4%
Barking and Dagenham CAB	10.5%	10.5%	10.5%	10.5%	10.7%
London Riverside	10.5%	10.5%	10.5%	10.5%	9.9%
Thames Accord	16.4%	16.4%	16.4%	16.4%	15.9%

## **Annex B – Responsibilities of Key Parties**

### ***The Administering Authority should:-***

- collect employer and employee contributions;
- invest surplus monies in accordance with the regulations;
- ensure that cash is available to meet liabilities as and when they fall due;
- manage the valuation process in consultation with the fund's actuary;
- prepare and maintain and FSS and a SIP, both after proper consultation with interested parties; and
- monitor all aspects of the fund's performance and funding and amend FSS/SIP

### ***The Individual Employer should:-***

- deduct contributions from employees' pay correctly;
- pay all contributions, including their own as determined by the actuary, promptly by the due date;
- exercise discretions within the regulatory framework;
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits, early retirement strain; and
- notify the administering authorities promptly of all changes to membership or, as may be proposed, which affect future funding.

### ***The Fund actuary should:-***

- prepare valuations including the setting of employers' contribution rates after agreeing assumptions with the Administering Authority and having regard to the FSS; and
- prepare advice and calculations in connection with bulk transfers and individual benefit-related matters.

## **Annex C – Statement of Investment Principles**

This is the Statement of Investment Principles adopted by the London Borough of Barking and Dagenham Superannuation Fund (“the Fund”) as required by the Local Authority Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 1999. It is subject to periodic review by the Investment Panel which acts on delegated authority of London Borough of Barking and Dagenham.

In preparing this Statement, the Investment Panel has taken written advice from the Investment Practice of Hymans Robertson Consultants and Actuaries.

In relation to the CIPFA Pensions Panel Principles for Investment Decision Making in the Local Government Pension Scheme in the United Kingdom, the extent of the Borough’s adoption of the Principles is provided in a separate document named Myners Code Adherence Document.

### **Fund Objective**

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, on a defined benefits basis.

The Investment Panel aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund’s assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary increases.

This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

### **Investment Strategy**

The Investment Panel has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. All day to day investment decisions have been delegated to the Fund’s authorised investment manager. The strategic benchmark has been translated into a benchmark for the Fund’s investment manager which is consistent with the Fund’s overall strategy. The Fund benchmark is consistent with the Investment Panel’s views on the appropriate balance between maximising the long-term return on investments and minimising short-term volatility and risk.

The investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners and active members), together with the level of disclosed surplus or deficit (relative to the funding bases used on an ongoing basis).

The Investment Panel monitors Fund performance relative to its agreed asset allocation benchmark. It is intended that investment strategy will be reviewed at least every three years following actuarial valuations of the Fund.

To achieve their objectives the Investment Panel has agreed the following with its manager:-



**Choosing Investments:** The Investment Panel will appoint one or more investment managers who are authorised under the Financial Services and Markets Act 2000 to undertake investment business. The Investment Panel, after seeking appropriate investment advice, has given the manager specific directions as to the asset allocation, but investment choice has been delegated to the manager, subject to its respective benchmarks and asset guidelines.

**Kinds of investment to be held:** The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and pooled funds. The Fund may also make use of derivatives and contracts for difference for the purpose of efficient portfolio management or to hedge specific risks. The Investment Panel considers all of these classes of investment to be suitable in the circumstances of the Fund.

**Balance between different kinds of investments:** The Fund's investment manager will hold a mix of investments which reflects its views relative to its respective benchmarks. Within each major market the manager will maintain a diversified portfolio of stocks through direct investment or pooled vehicles.

**Risk:** The Investment Panel provides a practical constraint on Fund investments deviating greatly from its intended approach by adopting a specific asset allocation benchmark and by setting its manager specific benchmark guidelines. The decision to appoint only one investment manager does involve some degree of risk (from potential underperformance of that manager) which the Investment Panel has taken into account.

**Expected return on investments:** Over the long term, the overall level of investment returns is expected to exceed the rate of return assumed by the actuary in funding the Fund.

**Realisation of investments:** The majority of stocks held within the Fund may be realised quickly if required. Property, which represents 10% of total assets, may be difficult to realise quickly in certain circumstances.

**Social, Environmental and Ethical Considerations:** The Investment Panel recognises that social, environmental and ethical considerations are among the factors which investment managers will take into account, where relevant, when selecting investments for purchase, retention or sale. The manager has produced statements setting out its policy in this regard. The manager has been delegated by the Investment Panel to act accordingly.

**Exercise of Voting Rights:** The Investment Panel has delegated the exercise of voting rights to the investment manager on the basis that voting power will be exercised by it with the objective of preserving and enhancing long term shareholder value. Accordingly, the manager has produced written guidelines of its process and practice in this regard. The manager is encouraged to vote in line with its guidelines in respect of all resolutions at annual and extraordinary general meetings of companies.

**Additional Voluntary Contributions (AVCs):** The Investment Panel gives members the opportunity to invest in a range of vehicles at the members' discretion.

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**THE EXECUTIVE****15 MARCH 2005****REPORT OF THE DIRECTOR OF FINANCE**

<b>LOCAL GOVERNMENT PENSION SCHEME – TRIENNIAL ACTUARIAL VALUATION</b>	<b>FOR INFORMATION</b>	
<p>This report informs the Executive of the results of the 2004 Local Government Pension Fund actuarial valuation.</p> <p><b><u>Summary</u></b></p> <p>Every three years, the Pension Fund (“the Fund”)’s actuary, Hymans Robertson, provides a detailed actuarial valuation for the Barking and Dagenham Local Government Pension Scheme. This is a requirement of the Local Government Pension Scheme Regulations 1997.</p> <p>The valuation compares the value of assets in the Fund (current market value of investments), to the actuarial estimate of past service liabilities (future payments committed to in respect of contributions into the Fund).</p> <p>As at 31<sup>st</sup> March 2004, the triennial valuation has valued the fund as being 87% funded (ie assets represent only 87% of liabilities). In monetary terms, this equates to a £56m deficit.</p> <p>The actuarial valuation recommends future employer contribution levels for all the admitted bodies into the Fund, to ensure that the deficit is recovered, and that future liabilities will continue to be funded.</p> <p><b><u>Recommendation</u></b></p> <p>The Executive is asked to:</p> <ol style="list-style-type: none"> <li>a) Note the contents of this report, which summarises the 2004 actuarial valuation, and the recommendations that the actuary has made in respect of future employer contributions; and</li> <li>b) Agree that the pension fund contribution rates will not include any additional contributions for the costs of early retirements.</li> </ol> <p><b><u>Reason</u></b></p> <p>The actuarial valuation has significant financial implications on future financial plans for the Council, and this report informs the Executive of these implications.</p>		
<p><b>Contact Officer</b> John Hooton</p>	<p><b>Title</b> Assistant Head of Corporate Finance</p>	<p><b>Tel:</b> 020 8227 2801 <b>Email</b> john.hooton@lbbd.gov.uk <b>Minicom:</b> 020 8227 2413</p>

## **1. Introduction**

1.1 The provision and maintenance of Local Government Pension Schemes is governed by the Local Government Pension Scheme Regulations 1997. The Fund is a vehicle by which scheme benefits are delivered. The Fund:

- Receives contributions, transfer payments and investment income; and
- Pays scheme benefits, transfer values and administration costs.

1.2 There are a number of objectives that the Fund is looking to achieve. The key themes that are considered in setting the Fund's objectives are *affordability, prudence, stability and transparency*. Key objectives will include:

- Ensuring the long-term solvency of the Fund and the long term solvency of shares of the Fund attributable to individual employers;
- Ensuring that sufficient funds are available to meet all benefits as they fall due for payment; and
- Reducing the variability of pension costs over time for employers compared with an unfunded (pay-as-you-go) alternative.

1.3 The objectives of the Fund, and the strategies to ensure that these objectives are met, are captured in the Funding Strategy Statement. The production of this Statement is a new requirement under amendments to the current regulations, which come into force on 1<sup>st</sup> April 2005. This document is being presented to the Executive for approval on the 15<sup>th</sup> March 2005.

1.4 The London Borough of Barking and Dagenham is the administering authority to the Fund. The following organisations are admitted bodies (other employers) to the Fund:

- University of East London
- Barking College
- Magistrates Court
- Council for Voluntary Services
- Age Concern
- Barking Abbeyfield Society
- Barking and Dagenham Citizen's Advice Bureau
- London Riverside
- Thames Accord

## **2. Actuarial Valuation**

2.1 The main purpose of the valuation is to review the financial position of the Fund and to determine the rate at which the employers should contribute in the future to ensure that existing assets and future contributions will be sufficient to meet future payments from the Fund.

2.2 This report summarises the key findings of the actuarial valuation of the London Borough of Barking and Dagenham Pension Fund (“the Fund”) as at 31<sup>st</sup> March 2004.

### 3. Key Findings of the Actuarial Valuation

3.1 The funding level across the entire fund (ratio of assets to liabilities) as at 31<sup>st</sup> March 2004 is 87% (compared to 114% as at 31<sup>st</sup> March 2001). In monetary terms, this corresponds to a past service deficit of £56m (compared to a £49m surplus as at 31<sup>st</sup> March 2001). Current comparative information for other London authorities indicates that only 2 Councils have funding levels in excess of this at 88%.

3.2 By far the largest contributory factor to the creation of a deficit position has been the relatively poor investment returns experienced over the 3 year period to March 2004. This experience is not unique to the Barking and Dagenham Pension Fund. Markets have fallen on almost all other pension schemes, who are currently reporting similar reductions in asset valuations. For the Barking and Dagenham Pension Fund, the relatively low investment returns caused an increase in the deficit of some £123m.

Table 1: Investment performance since 2001 (source: Hymans Robertson):

Year	2001 assumed returns	Actual Return
2001/02	7%	-1%
2002/03	7%	-23%
2003/04	7%	24%

Table 1 demonstrates the impact that the poor investment returns have had on the Fund. In 2001, forward predictions were made based on the steady returns of the preceding years. Actual experience has been significantly different.

3.3 A further factor has been demographic trends, which have put increasing pressure on pension funds. Overall trends indicate that people are living longer, and this increases the estimate of future liabilities for the Fund. To exemplify this point, the table below shows figures for people living over 100.

Table 2: Centenary Telegrams sent by the Queen (source: Hymans Robertson):

Year	Number
1952	255
2002	3900
2026	>15000 projected

3.4 There were other factors which also contributed to the actuarial position as at 31<sup>st</sup> March 2004. Not all of these were negative factors. In particular there was a small positive effect caused by annual pension increases being lower than expected.

3.5 In looking towards the future, the actuary makes a set of assumptions. In their exercise for 2004, they take a slightly more optimistic view of the future than was the case in 2001. This has contributed positively by £39m to the overall financial position of the Fund.

3.6 In light of these findings, the actuarial valuation recommends adjustments to the employers' contribution rates to address the deficit.

#### **4. Contribution Rates**

4.1 The overall message in the valuation is that the Fund is "underfunded" – that there is a need to address the current shortfall in assets in the fund to meet future liabilities. This is not an unusual situation to be in; indeed most local authorities are facing deficits of varying degrees in their pension funds following the economic experience of the last three years. What it does mean, however, is that action needs to be taken to rectify this deficit.

4.2 A number of factors could contribute, in future, to a reduction in this deficit, or the creation of a pension fund surplus. Examples of such factors include changing demographics, or higher returns on investments. However, given current trends of people living longer, and inherent uncertainty in the stock market, these are not necessarily sensible or prudent factors to rely on. The most reliable way of ensuring that the overall funding level reaches its target level (100%) is for contributions into the Fund to be increased. This is the course of action that Hymans Robertson have recommended.

4.3 The current employers' average cost of future service benefits (ie ignoring any past service deficit) is 12.2% of pensionable pay. Assuming that a funding level of 100% is to be targeted, the common contribution rate across the whole Fund needs to be 15.8% of pensionable pay. The target contribution rate for the London Borough of Barking and Dagenham is 16.2%. This represents one of the lowest rates of all London authorities.

4.4 The Council is proposing to "phase in" contribution rises. The employers' contribution level is currently 9% (2004/05), in line with the 2001 valuation. The objective of increasing contribution rates is that the deficit will be recovered over a period of 20 years. Future contribution levels are planned as follows:

- 2005/06 – rate of 12%
- 2006/07 – rate of 15%
- 2007/08 – rate of 16.2% (target rate)

4.5 The increase in the employer's contribution rate to 12% has been included in the Council's budget for 2005/06. Further increases to the contribution rate for 2006/07 and 2007/08 have been considered by officers when updating the Medium Term Financial Strategy.

4.6 Certain other admitted bodies will not necessarily need to increase their contribution rates, as they are currently contributing sufficient to meet their future liabilities. For those who do need to increase their contribution rate, they may follow a different timetable for reaching the target level, to that taken by the Council.

#### **5. Early Retirements**

- 5.1 From the 1<sup>st</sup> April 2002 to 31<sup>st</sup> March 2005, the Council has been paying an additional 1% of payroll each year to cover the costs of early retirements. This means that the current rate of 9% is made up of 8% plus 1% for early retirements.
- 5.2 The calculations detailed in this report exclude this amount, and it is recommended that future early retirements are paid for as they occur, and are not included within the overall contribution rate. This will mean that capital sums will need to be paid directly into the pension fund as and when early retirements occur.
- 6. Agreement of Contribution Rates**
- 6.1 The actuarial valuation is in draft at present. Discussions have been completed in respect of future contribution rates for the admitted bodies and the timescales that these rates will be phased in over. The actuary will issue their final report and rates and adjustments certificate in the near future

### **Background Papers**

London Borough of Barking and Dagenham Pension Fund Valuation as at 31<sup>st</sup> March 2004  
– Hymans Robertson  
Draft Funding Strategy Statement  
Medium Term Financial Strategy 2005/06 – 2007/08  
2005/06 Council Tax Report

### **Consultation**

Julie Parker – Director of Finance  
Joe Chesterton – Head of Financial Services  
Lee Russell – Head of Corporate Finance  
John Hooton – Assistant Head of Corporate Finance

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**THE EXECUTIVE****15 MARCH 2005****REPORT OF THE DIRECTOR OF CORPORATE STRATEGY**

<b>THE POLITICAL STRUCTURE</b>	<b>FOR DECISION</b>
<p>This report is submitted to the Executive for comments / strategic direction prior to any recommendations being made to the Assembly about the Council's political structure.</p> <p><b>Summary</b></p> <p>The Council modernised its political structure in 2000/2001. It moved away from traditional, services-based committees (e.g. Housing, Social Services) to a Leader and Cabinet model. The new approach was trialled for a short while before the Assembly formally adopted it, and the Council Constitution, on 9 January 2002.</p> <p>At that time, to allow a reasonable period of stability, the Assembly agreed that the structure would not be altered for a period of over three years, other than to cater for any legislative changes or minor administrative amendments. The situation would then be reconsidered to see if any change was required in the light of experience. This is due in May 2005. (Assembly Minute 55 – January 2002.)</p> <p>From an officer perspective, the structure appears to have worked very well and has gone some considerably way to meeting the objectives originally behind the change. These were to:</p> <ul style="list-style-type: none"> <li>• Involve the community more fully in the Council's work</li> <li>• Listen to, represent and act on the community's views more effectively</li> <li>• Provide a clearer focus on community priorities</li> <li>• Provide more effective and efficient decision-making across the Council</li> <li>• Make it clear where decisions are made and who is responsible for them</li> <li>• Improve joint working arrangements between the Council and its partners.</li> </ul> <p>Over the past three years there has been very little need to make any administrative changes.</p> <p>The simplicity and clarity of the structure is also an important feature. Duplicated roles are avoided, unlike some authorities where, for example, Scrutiny mirrors Executive portfolios, and their structures bear considerable resemblance to the old committees. There is a more strategic feel to decision making than was previously the case.</p> <p>The Scheme of Delegation has been reviewed since the Constitution was adopted and the level of delegation to officers was confirmed as "the right mechanism for achieving the streamlined approach to decision making that was required as part of the revised political arrangements". (Scheme of Delegation Scrutiny Panel 2003.)</p>	

Consultation has recently been carried out by the Leader of the Council with all Members. Only one Member responded raising two points: (a) regarding Executive Members' portfolios and working arrangements with Directors (*this is not directly a matter for this review*), and (b) suggesting that the appointments of Leader, Deputy Leader, the Executive Members, and Chairs and Deputy Chairs should be made every four years coinciding with local elections, rather than annually. A mechanism for removing someone from office in between appointments, if necessary, would need to be built in to the process.

It is also relevant to mention that the Chief Executive is proposing to commission a review of Community Forums during the coming year.

As a reminder, the main elements of the political structure are: The Assembly, The Executive, The Scrutiny Management Board, Community Forums, The Standards Committee, The Development Control Board, The Personnel Board, The Licensing & Regulatory Board, Scrutiny Panels, Policy Commissions, and the Ceremonial Council.

### **Recommendation**

The Executive is asked to:

1. Consider whether they wish any further work to be undertaken or whether they feel they have sufficient confidence / satisfaction in the political structure to recommend its continuance in its current form until such time as change might be considered necessary, and
2. Note the intention to carry out a review of Community Forums during 2005/06.

<b>Contact:</b> Nina Clark	Head of Democratic Support	Tel: 020 8227 2114 Fax: 020 8227 2171 Minicom: 020 8227 2685 E-mail: <a href="mailto:nina.clark@lbbd.gov.uk">nina.clark@lbbd.gov.uk</a>
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### **Consultees:**

The Leader of the Council (portfolio Member)  
All Members of the Council  
The Management Team  
The Monitoring Officer

### **Background Papers:**

Assembly minutes 55 / January 2002 and 127 / May 2001  
Final report of the Scheme of Delegation Scrutiny Panel – Assembly June 2003  
Letter from the Leader of the Council to all Members dated 25 January 2005  
Various internal e-mails

**THE EXECUTIVE****15 MARCH 2005****REPORT OF THE DIRECTOR OF CORPORATE STRATEGY**

<b>PERFORMANCE MONITORING 2004/05</b>		<b>FOR DISCUSSION</b>
<p><i>To update the Executive on 2004/05 3<sup>rd</sup> Quarter and end of year projections (where available) for the following performance indicators:</i></p> <p><input type="checkbox"/> <i>Best Value Performance Indicators (statutory)</i>  <input type="checkbox"/> <i>Council Scorecard Performance Indicators</i>  <input type="checkbox"/> <i>PSA targets</i></p> <p><b>Summary</b></p> <p>This report:</p> <ul style="list-style-type: none"> <li>• Provides background information on the monitoring of the Statutory and Council Scorecard Performance Indicators detailed in Futures, Barking &amp; Dagenham's Performance Plan together with our LPSA targets.</li> <li>• Presents a series of graphs reporting performance on a number of Performance Indicators highlighted by CMT for your consideration.</li> </ul> <p><b>Recommendation</b></p> <p>The Executive is asked to discuss performance as highlighted by the performance indicators presented.</p>		
<p><b>Contact:</b>            Laura Nicholls</p>	<p>Policy and Review Officer</p>	<p>Tel: 020 8227 2517            Fax: 020 8227 2806            Minicom: 020 8227 2685            E-mail: <a href="mailto:laura.nicholls@lbbd.gov.uk">laura.nicholls@lbbd.gov.uk</a></p>
<p>Naomi Goldberg</p>	<p>Head of Policy and Performance</p>	<p>Tel: 020 8227 2248            Fax: 020 8227 2806            Minicom: 020 8227 2685            E-mail: <a href="mailto:naomi.goldberg@lbbd.gov.uk">naomi.goldberg@lbbd.gov.uk</a></p>

**1. Background**

- 1.1 In June 2004, Barking & Dagenham Council published its annual Performance Plan – Futures 2004/2005 - setting out how the Authority aims to improve its services over the next 12 months. The document was published on the Council's website on 30 June 2004 and also issued to all Members, Directors and Heads of Service in the *Managing the Council* folder.

- 1.2 The Statutory Performance Indicators are National Indicators which have been determined by ODPM (Office of the Deputy Prime Minister – the Government department overseeing Best Value) and the Audit Commission.
- 1.3 The Council is required by law to collect and publish this information. In the process of developing the scorecards, services have identified key indicators for measuring improvement. This year's plan lists the Council Scorecard Performance Indicators for 2004/05 (Chapter 2 – Managing the Council). Internal Audit has again carried out an audit of all the Council Scorecard Indicators to ensure they are robust and collectable.
- 1.4 A central system has been established to monitor each Performance Indicator, which is updated by departments on a quarterly, and in some cases monthly basis. CMT have again selected a number for your consideration for 3<sup>rd</sup> Quarter 2004/2005.
- 1.5 The basket of performance indicators that will be presented contain statutory Best Value Performance Indicators, Council Scorecard Performance Indicators and progress on our LPSA targets.
- 1.6 For presentational purposes, each Performance Indicator is being reported in a graphical format, which allows performance to be shown over time and compared with other Local Authorities. PI headings are traffic light colour-coded and "smiley faces" have been added to clearly express how we are performing.
- 1.7 Those indicators in the CPA basket and those that are considered High Risk are highlighted with a red tab at the top left hand of the graph. From 2005, a number of performance indicators in the CPA basket now have special rules applied to them. The performance weighting of these PIs is higher than the rest in the CPA basket and poor performance of these PIs will result in a lower service block score. These PIs have been designated as 'CPA Killer PIs' on the graphs.
- 1.8 For the national indicators, neighbouring Borough information is shown as vertical bars on the graphs. Top 25% National and London target lines have now been removed from the graphs. This has been replaced with horizontal bands of colour. These bands show the National top 25% (green), middle 50% (amber) and bottom 25% (red). The graphs now clearly show how far performance is into or away from the bandings. *(Please note it is only possible to compare our performance with the previous year's top quartile targets as these are only released in the December of each year following the outturns for that year).* This will not be possible for the majority of Council Scorecard PIs, as they are unique to Barking & Dagenham.
- 1.9 For Social Services performance information, comparison is not made with top quartile data. Comparison is made with Performance Assessment Framework (PAF) performance targets for England. The "smiley faces" will not be shown on Social Services graphs. Instead we have used the "blobs" to indicate whether performance is good or bad. i.e. ● = poor performing ●●●●● = high performing. The Social Services graphs also show horizontal bandings of colour. These bandings show:

● and ●● = red banding

●●● = amber banding

●●●● and ●●●●● = green banding

- 1.10 The notes section underneath the graph enables Chief Officers to be consistent in the way they report the PI's performance. (See *headings below*).

### **Headings**

Improvement / Deterioration since last reported

Further action planned at last quarter

Progress of action since last quarter

Further action planned for next quarter

Additional Information

Corporate Impact

- 1.11 For the majority of Council Scorecard PIs this is the third year of reporting. Targets have been set for the next three years for the majority of these and are presented on the graphs.
- 1.12 The annual deadline for the publication of Futures, Barking and Dagenham's Performance Plan is 30 June. It is still a requirement that a summary of performance information should be published by 31 March. Our summary of performance information for 2004/05 will be published in the March 2005 Citizen.
- 1.13 The Government have specified 96 Best Value (statutory) PIs for 2004/05 compared to 98 in 2003/04 and 97 specified for 2002/03. 94 have been specified for 2005/06.

## **2. Quarterly Monitoring**

- 2.1 Each Performance Indicator contained in the Performance Plan is being monitored on a quarterly basis where possible. Some indicators can only be calculated on an annual basis and this is shown on the individual graphs. As the majority of the Council Scorecard PIs are strategic, they will only be reported annually unless otherwise stated.
- 2.2 Quarterly monitoring allows the Council to identify problem areas at an early stage and take remedial action to improve performance. It also identifies areas of good practice within the Council so that it can be shared throughout the organisation. The graphs are a useful visual aid to enable Members of the Executive to challenge Chief Officers on poor performance. The changes to the notes section should further assist Members in performing this role.
- 2.3 This quarterly process is now being used to monitor our Local Public Service Agreement (LPSA) targets which were agreed with Government in 2003. From April 2003 the following council scorecard indicator, **CS17b: Percentage of LPSA targets met on an annual basis** will be used to monitor its progress.

### **3. Comparing Performance**

- 3.1 Guidance from the ODPM advises each Authority to compare performance with other Local Authorities. The monitoring system established allows the comparison of performance across a number of levels. National indicators provide the greatest opportunity for comparing performance as each Local Authority is collecting and reporting identical information.
- 3.2 *Neighbouring Boroughs* – Research undertaken by the Audit Commission has identified that people are particularly interested in comparing the performance of their Local Authority with neighbouring areas.  
Barking and Dagenham compare their performance with the neighbouring boroughs of Redbridge, Havering and Newham.
- 3.3 *Top 25% of performing Councils* – It is a requirement under Best Value that each Council must aim to perform within the top 25% of Councils within 5 years. For indicators relating to the quality of services, comparison should be made with the top 25% of Councils across the country.  
For indicators relating to the cost of the service, comparison should be made with the top 25% in London. The ODPM have determined that in most cases, a low service cost is preferable.
- 3.4 *Local targets* – For the majority of Council Scorecard Performance Indicators comparisons can be made both over time and against the target set. These are identified on the relevant graphs.

### **4. Conclusion**

- 4.1 This is the latest report on the monitoring of Futures 2004/2005 Barking and Dagenham's Performance Plan. Subsequent reports to both CMT and the Executive will follow after each quarter and at year-end.

#### **Background papers used in the preparation of the report**

- Best Value Performance Indicators 2003/2004 (burgundy book)
- Futures 2004/2005 – Barking & Dagenham's Performance Plan
- Consultation on Best Value Performance Indicators for 2005/06.

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