

Notice of Meeting

ASSEMBLY

Monday, 25 February 2013 - 7:00 pm
Council Chamber, Town Hall, Barking

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

Chair: Councillor N S S Gill
Deputy Chair: Councillor J Davis

Date of publication: 15 February 2013

Graham Farrant
Chief Executive

Contact Officer: Margaret Freeman
Tel: 020 8227 2638
Minicom: 020 8227 5755
E-mail: margaret.freeman@lbbd.gov.uk

AGENDA

1. **Apologies for Absence**
2. **Declaration of Members' Interests**

In accordance with the Council's Constitution, Members are asked to declare any interest they may have in any matter which is to be considered at this meeting. Members are reminded that the provisions of paragraph 12.3 of Article 1, Part B in relation to Council Tax arrears apply to the "Budget Framework 2013/14" report at item 6.
3. **Minutes - To confirm as correct the minutes of the meetings held on 5 December 2012 and 14 January 2013 (Pages 1 - 11)**
4. **Appointments**
5. **Barking & Dagenham Youth Forum Annual Report 2011/12 (Pages 13 - 18)**
6. **Budget Framework 2013/14 (Pages 19 - 87)**
7. **Localising Support for Council Tax in England - Final Scheme Amendment (To Follow)**
8. **Treasury Management Strategy Statement 2013/14 (Pages 89 - 136)**
9. **Pay Policy Statement 2013/14 (Pages 137 - 148)**

10. **Constitutional Arrangements for the Health and Wellbeing Board (Pages 149 - 162)**
11. **Community Infrastructure Levy Draft Charging Schedule (Pages 163 - 196)**
12. **Management of Complaints relating to Councillors (Pages 197 - 201)**
13. **Motions**
None received.
14. **Leader's Question Time**
15. **General Question Time**
16. **Any other public items which the Chair decides are urgent**
17. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

Private Business

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

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

MINUTES OF ASSEMBLY

Wednesday, 5 December 2012
(7:05 - 8:42 pm)

PRESENT

Councillor N S S Gill (Chair)

| | |
|------------------------|--------------------------|
| Councillor S Alasia | Councillor J L Alexander |
| Councillor G Barratt | Councillor S J Bremner |
| Councillor P Burgon | Councillor L Butt |
| Councillor E Carpenter | Councillor J Channer |
| Councillor J Clee | Councillor R Douglas |
| Councillor C Geddes | Councillor R Gill |
| Councillor D Hunt | Councillor M Hussain |
| Councillor A S Jamu | Councillor I S Jamu |
| Councillor E Kangethe | Councillor E Keller |
| Councillor G Letchford | Councillor D S Miles |
| Councillor M Mullane | Councillor E O Obasohan |
| Councillor J Ogungbose | Councillor T Perry |
| Councillor B Poulton | Councillor H S Rai |
| Councillor A K Ramsay | Councillor L A Reason |
| Councillor C Rice | Councillor D Rodwell |
| Councillor T Saeed | Councillor A Salam |
| Councillor S Tarry | Councillor G M Vincent |
| Councillor L R Waker | Councillor P T Waker |
| Councillor J R White | Councillor M M Worby |

APOLOGIES FOR ABSENCE

| | |
|--------------------------|---------------------------|
| Councillor S Ashraf | Councillor A Gafoor Aziz |
| Councillor R Baldwin | Councillor H J Collins |
| Councillor J Davis | Councillor M A McCarthy |
| Councillor J E McDermott | Councillor M McKenzie MBE |
| Councillor L Rice | Councillor L A Smith |
| Councillor D Twomey | Councillor J Wade |

47. Declaration of Members' Interests

There were no declarations of interest

48. Minutes (10 October 2012)

The minutes of the meeting held on 10 October 2012 were confirmed as correct.

49. Appointments

Assembly **agreed** that the Council's representation on the Admissions Forum be changed from "5 Councillors – 4 year appointments" to "The Cabinet Member for

Children's Services plus 4 Councillors – 4 years appointments" and that as a consequence of this, Councillor White would replace Councillor R Gill on the Admissions Forum with immediate effect.

50. Sutton Road CPZ - Update

Assembly **noted** this report presented by the Divisional Director of Environmental Services regarding:

1. the arrangements put in place to suspend the CPZ in Sutton Road and
2. the consultation on a CPZ for Sutton Road and the surrounding roads not currently in the Traffic Management Order.

51. Response to Petition regarding Scrattons Sports and Social Club

Assembly received and noted the terms of a petition presented by Ms Ellis on behalf of Ms S Cooper, the lead petitioner.

Ms Ellis thanked Assembly for their time and made the following points:

- Transport to and from Scrattons Farm Estate is very poor.
- Many residents are elderly, have limited mobility and their main social interaction took place in the club. Since the club's demise, the residents feel more isolated.
- Petitioners feel that the Council has ignored them and not given sufficient time to discuss their needs.
- There is a good community spirit with Christmas parties and trips for senior citizens being arranged.
- They are proposing to revamp the building, which would be open to all.
- They have prepared a business plan which set out arrangements for charging for the use of the hall and the grounds.
- They were seeking the insurance monies from the Council in order to rebuild the premises and proposed the use of their own builder.

In conclusion Ms Ellis stated that the petitioners wanted to provide a modern, vibrant facility for everyone.

Assembly received the response to the petition presented by the Corporate Director for Adult and Community Services (CDACS) who advised that:

- Officers had been working with the residents to progress this matter.
- A Community Association (CA) had been formed with effect from 1 December 2012.
- The Barking & Dagenham Council for Voluntary Services could be asked to provide advice to the CA with regard to Charitable Status as some reluctance to applying for it had been voiced by the CA, because it was unclear as to what it might achieve from it.
- Officers would discuss the use of the petitioners' own builders with them outside this meeting.
- The final insurance claim settlement was awaited and should there be a shortfall, this could be identified from other budgets.

Members were encouraged by the strength of feeling of the community and reassured that officers were working with the CA.

In response, the Cabinet Member for Crime, Justice and Communities, Councillor Alexander, stated that:

- ❖ the Council recognised the value of community facilities;
- ❖ she was pleased to note the formation of the CA as at 1 December;
- ❖ this was a fantastic outcome and a great opportunity for the community;
- ❖ she would welcome an update on progress from the Ward Members.

Assembly:

- (i) **noted** that the petition from local residents to save the Scratton's Sports and Social Club had received a positive response,
- (ii) **noted** the steps that had been taken to ensure that the community would continue to be able to use the building for social purposes,
- (iii) **supported** the option for the local community to take formal responsibility for the building through a lease agreement subject to funding being identified to meet the building costs.

52. Response to Petition re exemption from CPZ for teachers of Ripple Primary School

Assembly received and noted the terms of a petition presented by Mr Terence Harding, the lead petitioner.

Mr Harding thanked Assembly for their time and made the following points on behalf of parents of children at Ripple Primary School:

- The intake of children is increasing and more staff would have to be employed.
- The school staff are being penalised by having to pay to park.
- There is sufficient parking space in Surrey Road and parking wardens have personally agreed with Mr Harding.
- There are concerns regarding cars that park under Ripple flyover. Children and parents have to walk in the road because cars are parked on the pavement.
- More than 400 people walk back and forth, morning and afternoon.

The Chair invited Mr Roger Mitchell, Head Teacher of Ripple Primary School, to speak.

Mr Mitchell made the following points:

- ❖ He became Head of Ripple Junior in 2005 and became Head of Ripple Primary when the Junior and Infants schools merged.
- ❖ For the first 2/3 years that had been no difficulties with parking.
- ❖ The CPZ in the area prevents people from parking and walking to the station.
- ❖ At the time of day that staff park their cars, the streets are empty.
- ❖ Many staff travel a long way and cannot do that without their cars.
- ❖ The school will be expanding over the course of the next two years.

- ❖ There are only 38 parking spaces across the school's two sites.
- ❖ In support of the Green Policy, the school has provided bicycles to enable staff to travel between the two sites.
- ❖ The school is recognised by Ofsted as "good" with qualities of "outstanding" and to sustain this, he needs to be able to employ the highest calibre of staff.
- ❖ He is concerned that parking restrictions will be a barrier against employing the best staff, which he sees as a tragedy for a school that is doing so well.

Assembly received the response to the petition presented by the Divisional Director of Environmental Services (DDES) who stated that the CPZ in the area was working well and had been supported by 59% of the residents.

Members were pleased to note the progress that had been made by Ripple School.

In response to Members' questions, the DDES stated that permits were issued to doctors and voluntary workers to park in the borough but that permits were not provided to them to park at their place of work.

In response, the Cabinet Member for Crime, Justice and Communities, Councillor Alexander, stated that:

- She is on the Governing Board of Ripple Primary School and is also an Eastbury Ward Member.
- She did not think that the residents who are having to pay for their permits would be happy if a parking permit was provided to the teachers.
- If a permit were to be provided to the teachers at Ripple, a similar one would have to be provided to all the schools.
- Council staff have to pay to park.
- There are many bus routes from Barking Station.
- Ripple Primary is a good school with a good Head Teacher and Governing Body – it will always attract good staff.

Assembly **agreed** for the reasons set out in the report that it was unable to support the petition.

53. Response to Petition - Voluntary Sector Cuts

Assembly received and noted the terms of a petition presented by Mr Ted Parker, Chair of the Barking & Dagenham Council for Voluntary Services, on behalf of Carl Blackburn, the lead petitioner.

Mr Parker thanked Assembly for their time and referred to the valuable contributions made to the community by:

- Harmony House
- Lifeline Community Projects
- The Volunteer Bureau
- The Disablement Association of Barking & Dagenham
- Shpresa

He stated that the power of volunteering had been demonstrated at the London

2012 Olympics and that there were over 500 community organisations in the borough, 106 of which had been showcased at the last Voluntary Sector Open day held in Vicarage Fields.

Speaking of the scale of the cuts, Mr Parker referred to a letter that had been received from the Corporate Director of Adult and Community Services (CDACS) dated 17 January 2011 which said:

"...I am happy to reiterate that funding returning to the borough arising from the London Councils grants review will be kept within the voluntary sector grants programmes, so that every pound saved from London Councils is a pound we don't have to save through local cuts."

In conclusion, Mr Parker stated that he felt the Council could balance the budget without making the proposed cut to the Voluntary Sector.

Assembly received the response to the petition presented by the CDACS who stated that when she sent the letter of 17 January 2011, it was genuinely believed that this could be achieved and that safeguarding the voluntary sector had been sought. She referred to the debate that had taken place at the Safer & Stronger Community Select Committee on 31 October 2012 and confirmed that Cabinet would be reviewing these issues on 19 December 2012.

In response to questions from Members:

- Mr Parker advised that £665,000 funding had been received from the Big Lottery.
- Mr Blackburn confirmed that in terms of their own money the ratio was 4:1 and that he could provide audited accounts if required.
- The CDACS advised that she was very aware that there were no savings that would not impact on residents but that officers were looking at what would have the least effect. However, there were no easy options and the budget must be balanced.

In response, the Cabinet Member for Crime, Justice and Communities, Councillor Alexander, confirmed that she worked closely with Carl Blackburn and she valued the work of the Voluntary Sector. However, these were challenging financial times and the cuts had been imposed on this Council by the Coalition Government.

Her concerns were for the residents of the borough, but she was unable to support the petition.

Assembly **agreed** that for the reasons set out in the report, it was unable to support the petition.

54. The Council's Petition Scheme

Assembly received and noted this report presented by the Monitoring Officer and **agreed** the amended Petition Scheme as set out in **Appendix B** to the report.

55. Joint Management

Assembly received and noted the report regarding joint management presented by the Chief Executive and **agreed:**

1. the continued shared legal services structure and the joint role of Head of Legal Services and Monitoring Officer between this Council and Thurrock Council;
2. that officers should continue to develop options for both joint management and shared services between this Council and Thurrock Council to save at least £1m across both Councils;
3. that officers should continue to explore options for shared services with other councils as is most appropriate for each service; and
4. that the Governance Guarantee set out in Appendix 1 to the report be adopted for all joint management and shared services agreements.

56. Adoption of Regulatory Provisions to Enforce the Unauthorised Crossing of Kerbed Footways and Verges

Assembly received this report introduced by the Divisional Director of Environmental Services (DDES).

Following questions from Members, the DDES advised that:

- The cost of the majority of dropped kerbs fell below £500 but where there are grass verges, this could be in excess of £1,000.
- The cost should be affordable for most residents and the value of the property would be increased.
- Cabinet would be presented with proposals for affordable payment arrangements.
- To stop people parking across dropped kerbs, where a TMO is in place, a yellow line or double yellow line could be painted. However, a double yellow line would also prevent the householder from parking over their own dropped kerb. At the time the dropped kerb is put in, the householder could be asked for their preference.
- Officers will revisit the Council's policy on dropped kerbs to ensure that it is a fit for purpose document.

Assembly **resolved** that:

- (i) the Council adopts the powers available under Section 16 of the London Local Authorities and Transport for London Act 2003 in respect of the enforcement of unauthorised crossing by vehicles over kerbed footways or verges; and
- (ii) 17 March 2013 is the 'appointed day' on which these powers will come into effect.

57. Treasury Management Strategy Statement Mid-year Review Report 2012/13

Assembly received and noted this report introduced by the Divisional Director of Finance (DDF).

In response to a question from Councillor Carpenter in relation to the use of revenue resources to fund the capital programme, the DDF confirmed that he

would write to her separately on this.

Assembly:

- (i) **Noted** the report, the treasury activity, the prudential indicators and risk study results; and
- (ii) **Agreed** to the following changes to the Council's Investment Strategy, as detailed in section 6 of the report:
 - 1. Increase the limit on investment with Lloyds TSB from £30m to a maximum of 40% of the average monthly cash available to invest; and
 - 2. Set a fixed investment limit of £40m to be invested with Lloyds TSB after which all additional investment need to be invested in the Lloyds TSB call account.

58. Review of the Council's Financial Regulations and Rules

Assembly received and noted this report introduced by the Divisional Director of Finance (DDF).

Assembly:

- a) **approved** the new Financial Regulations and Rules for full adoption across the Council as set out in Appendix A
- b) **approved** the internal financial scheme of delegation as set out in Appendix B,
- c) **authorised** the Chief Financial Officer to vary the revised corporate limits set out in Appendix B where this is considered to improve the efficiency of the Council's financial operations without unacceptably increasing risk, and

authorised the Monitoring Officer to make the necessary amendments to the Council Constitution

59. Motions

None.

60. Leader's Question Time

None.

61. General Question Time

General Question from Councillor Channer:

"Does the Deputy Leader agree that as a Labour Council, providing Education Maintenance Allowance to our poorest students in the borough will support and encourage our young people to continue in further education and, if so, what can we do about it?"

Councillor R Gill, Deputy Leader of the Council and Cabinet Member for

Finance responded that:

- It is scandalous that EMA has been cut and it does impact on this borough
- The number of students has begun to increase this year and we have also opened the Skills Academy
- A dedicated schools grant would be very difficult and could damage another core area in Children's Services
- Some national funding is still available for the most vulnerable
- There are free school meals
- In Barking and Dagenham, the schools manage 16-19 support
- We have the Colin Pont Trust Fund that could provide bursaries for anyone over the age of 16 in the borough considering further education and who needs financial help

In conclusion Council R Gill confirmed that he would be happy to examine this issue further and discuss a scheme, which as a Labour Councillor he approved in principle, but that such a scheme would have to be sustainable, rather than say, the Tower Hamlets' scheme, which appeared to be funded by reserves.

Councillor Gill advised Assembly that he would be happy to bring a paper back to Members for further discussion.

The Chair wished everyone a merry Christmas and a happy and healthy New Year and declared the meeting closed at 8.42 pm.

MINUTES OF EXTRAORDINARY ASSEMBLY

Monday, 14 January 2013
(7:05 - 7:47 pm)

PRESENT

Councillor N S S Gill (Chair)
Councillor J Davis (Deputy Chair)

| | |
|--------------------------|---------------------------|
| Councillor S Alasia | Councillor J L Alexander |
| Councillor S Ashraf | Councillor A Gafoor Aziz |
| Councillor G Barratt | Councillor S J Bremner |
| Councillor P Burgon | Councillor L Butt |
| Councillor E Carpenter | Councillor J Channer |
| Councillor J Clee | Councillor H J Collins |
| Councillor R Douglas | Councillor C Geddes |
| Councillor R Gill | Councillor D Hunt |
| Councillor M Hussain | Councillor A S Jamu |
| Councillor I S Jamu | Councillor E Kangethe |
| Councillor G Letchford | Councillor M A McCarthy |
| Councillor J E McDermott | Councillor M McKenzie MBE |
| Councillor D S Miles | Councillor M Mullane |
| Councillor J Ogungbose | Councillor T Perry |
| Councillor B Poulton | Councillor H S Rai |
| Councillor A K Ramsay | Councillor L A Reason |
| Councillor L Rice | Councillor D Rodwell |
| Councillor T Saeed | Councillor A Salam |
| Councillor L A Smith | Councillor S Tarry |
| Councillor D Twomey | Councillor G M Vincent |
| Councillor L R Waker | Councillor P T Waker |
| Councillor M M Worby | |

APOLOGIES FOR ABSENCE

| | |
|----------------------|-------------------------|
| Councillor E Keller | Councillor E O Obasohan |
| Councillor C Rice | Councillor J Wade |
| Councillor J R White | |

62. Declaration of Members' Interests

There were no declarations of interest

63. Localising Support for Council Tax In England - Final Scheme

The Assembly received a report supported by a presentation from the Divisional Director of Finance setting out proposals to establish a local Council Tax support scheme from April 2013, a requirement of the Local Government Finance Act 2012, brought about as a consequence of the abolition of Council tax benefit. In future Council Tax support will be centrally funded by a fixed grant based on prevailing expenditure levels, but reduced by 10% nationally, which for 2013/14

represents a shortfall to the Council of £2.3m. The Act also makes provision for local authorities to reform Council Tax on empty homes premiums allowing greater flexibility on the level of discounts and exemptions that can be applied, and in so doing allowing additional income to be raised to offset the 10% cut in funding.

The presentation outlined the range of options available to the Council to establish a scheme to fund the shortfall, taking into account the government stipulation that any scheme must fully protect pensioners in terms that their Council Tax Support should not be reduced. This principle did not apply to working age Council Tax Support recipients and a contribution could be sought from them towards their Council Tax liability.

In debate Members raised concerns that many residents were already struggling financially and that the Council Tax Support change was not a policy this Labour Council would have chosen to implement but one which is unavoidable, brought about by the Coalition Government. In concurring with Members' concerns, Councillor Smith, Leader of the Council referred to the fuel buyout scheme the Council is promoting to assist residents with their fuel bills, which demonstrates the positive ways in which the Council is helping its residents in these tough economic times.

Members debated using the government's additional grant funding for year one to set the percentage contribution from working age Council Tax Support recipients at 8.5% but concluded that this option was not viable as the grant was insufficient to establish an 8.5% contribution and would create a funding shortfall that would have to be met by making cuts elsewhere in the budget.

Having considered the options available as set out in the report, and taking into account that the Council has already carried out an extensive consultation with affected residents:

The Assembly **resolved** to:

- (i) implement option 2 as set out in the report, whereby a 15% contribution would be required from working age Council Tax Support claimants and that this should form the basis of the London Borough of Barking and Dagenham Council Tax Support Scheme from 1 April 2013, and
- (ii) agree the changes to empty property exemptions as set out in the report, similarly to take effect from 1 April 2013.

64. Calculation and Setting of the Council Tax Base for 2013/14

The Assembly received a report supported by a presentation from the Divisional Director of Finance on the calculation of the Council Tax Base for 2013/14 and information on powers available to the Council to set locally determined discounts.

In debating the matter, Members noted that this was the fifth year running that Council Tax had been frozen and how important this support was to the residents of the borough.

The Assembly **agreed that:**

1. in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Barking & Dagenham Council as its Tax Base for the year 2013-14 shall be 39,955.66 Band 'D' properties, following approval of the Council Tax Support Scheme and new rules on empty properties set out in the report entitled 'Localising Support for Council Tax in England – Final Scheme' and presented to Assembly on 14 January 2013;
2. discounts and exemptions applied in calculating the tax base as recommended in the report named above and those prescribed by statute;
3. no locally determined discounts based on categories of property or occupier be awarded for 2013-14. This is consistent with previous decisions of the Council; and
4. there should be no award of reductions for prompt payment during 2013-14. This is consistent with previous decisions of the Council.

65. Business Rates Income Forecast 2013/14

The Assembly received a report supported by a presentation from the Divisional Director of Finance, setting out details of the changes in the collection of business rates from 2013/14, brought about by the Local Government Finance Act 2012.

Members noted that as a result of these changes, the Department for Communities and Local Government require local authorities to submit their business rates income forecasts by way of a return entitled the National Non-Domestic Rates Return 1 form and that the forecast be formally approved by the Council.

Following debate, the Assembly **agreed** the Council's business rates income forecast for 2013/14 as set out in the National Non-Domestic Rates Return 1 form in Appendix A to the report.

The meeting closed at 7.47 pm.

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ASSEMBLY

25 February 2013

| | |
|--|---|
| Title: Annual Report of the Barking and Dagenham Youth Forum | |
| Report of the Divisional Director, Targeted Support | |
| Open Report | For Information |
| Wards Affected: All | Key Decision: No |
| Report Author: Sally Allen-Clarke | Contact Details: Tel: 020 8227 3297 E-mail: sally.allen-clarke@lbbd.gov.uk |
| Accountable Divisional Director: Christine Pryor | |
| Accountable Director: Helen Jenner | |
| Summary: This report is a summary of the work and achievements of the Barking and Dagenham Youth Forum during 2012. | |
| Recommendation(s) The Assembly is recommended to continue to provide member support for the Forum and its associated campaigns, particularly in relation to providing young people with information about attending 6 th form in the borough and continuing to work constructively with Police to comment on policies and procedures that directly affect young people. | |
| Reason(s) The Barking and Dagenham Youth Forum is a borough-wide platform for young people to express their views and help shape services. Members of the Barking & Dagenham Youth Forum are democratically elected each year through schools and youth groups to represent their peers. Through their participation, young people develop youth-focussed campaigns based on topics most important to young people in Barking and Dagenham. The campaigns aim to raise awareness of the issue being tackled and to bring about change that will positively impact young people's lives. Through the fortnightly consultation sub-group, council officers and partner agencies have the opportunity to promote services, gather feedback about policies, strategies and services as well as gaining a youth perspective on how services can be improved and promoted to young people locally. In addition, a single member of the Forum sits on the Children's Services Select Committee. The Barking and Dagenham Youth Forum Young Inspectors' sub-group provides local services with the opportunity to have their services inspected by trained, experienced youth inspectors. In 2012, the Young Inspectors sub-group successfully carried out inspections of nine pharmacies - offering feedback on their condom distribution scheme | |

aimed at young people and an inspection of Barking Police Station and the Police service in general. This report was fed back directly to the Borough Commander, Andy Ewing. The Young Inspectors also attended the Sydenham Centre sexual health clinic, where they inspected the young people's drop in clinic and fed back to the team leader who has compiled an action plan based on the recommendations made in the report. This is to be presented to the Integrated Reproductive and Sexual Health Board.

The Barking and Dagenham Youth Forum members have gained many skills through their participation in the forum, including communication, leadership, negotiation, presentation and social skills, essential life skills which young people can utilise in a variety of settings.

1. Introduction and Background

- 1.1 In January 2012, 65 young people were elected to the Barking and Dagenham Youth Forum. The young people were elected from all secondary schools and Trinity School, which has two representatives and a key worker who supports the young people during sessions
- 1.2 At the beginning of the forum year, all members attended two full forum sessions and debated current youth issues that the forum might tackle in 2012. As a result of this meeting two sub-groups were chosen, 'Student Voice' and 'Crime Community'.
- 1.3 The Young Inspectors became a sub group of the forum in order to sustain the programme following a £30k saving on the project made in 2011-2012. The transition from being an independent project within Integrated Youth Services to a sub-group of the Barking and Dagenham Youth Forum has been successful, aided by the support of two young people who progressed to Young Leader roles.
- 1.4 Additionally, a consultation sub-group was set up to allow officers, partners and external organisations to consult with forum members on one-off issues. The group meets fortnightly and has been very successful with 17 distinct consultations undertaken with young people.

2. Proposal and Issues

Sub-groups work outline

2.1 Student Voice

Work focussed on the transition from secondary school to sixth form. Some members had experience of transition, whilst others were aware that with the rise in participation age, the decision whether to stay on in sixth form was looming.

A questionnaire was developed asking current sixth formers to identify positive aspects of transition together with suggestions for those approaching transition and information that would be useful if available online. Four schools returned completed questionnaires.

Extensive research of local, regional and national websites found a dearth of information about sixth form transition. This discovery along with the questionnaire feedback was presented formally to Consortium Heads and Jane Hargreaves, Divisional Director for Education.

Consortium Heads welcomed the feedback acknowledging the lack of information, tips and advice available based on existing sixth formers' experience, now identified as a valuable resource. They agreed to include this on their websites in the near future to be reviewed by the new Forum, to be elected in 2013.

2.2 Crime and Community

The sub-group focussed on local crime issues relevant to young people as well as the community aspect. The group developed relationships with local police officers, including Inspector Mark Joyce, and was involved in a discussion regarding local tensions, one year on from the 2011 disturbances. This provided the Police with a youth perspective of the issues and a youth perception of Police. The group participated in a Stop and Search monitoring exercise. This was the first time young people had been asked for their views about Stop and Search rates and challenged Police about methods and the statistics.

The group worked in partnership with The Challenge Network creating short films on youth issues that were used during the National Citizens' Service summer programme. The project was aimed at equipping young people with skills to develop local campaigns based on youth issues.

The group developed its own short films based on three topics chosen by young people: music influence; healthy eating/obesity and stereotyping young people. Pending clearance from our Marketing and Communications Team, the films will be available on the Council's YouTube channel.

2.3 Young Inspectors

Young Inspectors became a Youth Forum sub group in February 2012 in order to continue the valuable work of the project. Some current Young Inspectors opted to continue in the group and other places were filled with newly elected members, with the mix working well. Two young people progressed to be Young Leaders and worked in partnership with Council staff to plan, deliver and evaluate sub-group sessions.

They carried out 16 inspections and were externally commissioned to undertake four inspections for London and Quadrant Housing Association in 2013, securing income of £3,300 for the Council. Inspections included Barking Police Station and police attitudes to young people, Sydenham Centre Sexual Health Service, Barking Learning Centre, the Integrated Youth Service code of conduct and behaviour policies, and nine local pharmacies involved in the condom distribution scheme. Each inspection generated a report that was submitted to the service, clearly outlining the young people's findings and their recommendations for improving the service for young people. Young Inspectors are formally part of the Council's Traded Services booklet, and further externally commissioned inspections are being sought.

2.4 Consultation

The following one-off consultations took place, in collaborations with council officers and external partners:

- Streetbase: to improve understanding and how to use Streetbase to their advantage;
- Department for Health: health outcomes – online;
- Ofsted: inspection arrangements for maintained schools and services to protect children;
- Seetec: re-engaging 16 and 17 year olds in employment;
- House of Commons: survey re short films detailing the work of the House – online;
- LBBB Community Cohesion Strategy;
- LBBB Joint Strategic Needs Assessment: opportunity to express views by testing if recommendations meet needs of young people and capture any additional needs. Feedback used in the final report;
- Arc Theatre: workshops ‘Girls in Gangs’ and ‘Sexual Exploitation’;
- Skills Centre;
- LBBB School Catering: standards of school lunches;
- Borough Transport;
- LBBB Health and Wellbeing Strategy Equality Impact Assessment;

2.5 UK Youth Parliament

In February 2012, two members were elected to represent LBBB in the UK Youth Parliament. Known as Member of Youth Parliament (MYP) and Deputy Member of Youth Parliament (DMYP), they attended three conventions, the Annual Sitting at Nottingham University and a national debate in the House of Commons.

2.6 Children’s Service Select Committee (CSCC)

For the first time in the Forum’s history, this year saw the Chair of the BAD Youth Forum become a co-opted member of the CSCC. This has helped to ensure that Young People’s voices are heard at the highest level. Issues raised and discussed by the Chair at the CSCC have included the Council’s budget proposals. In addition, the Chair gave a formal presentation on issues related to student voice systems in schools. This campaign resulted in £15k of funding being given to Children’s Services by Schools’ Forum to conduct development work with schools around their student voice systems to improve them.

3. Options Appraisal - N/A

4. Consultation - See section 2 above

5. Financial Implications

Implications completed by: Martin Henwood, Deputy Chief Financial Officer

- 5.1 There are no direct financial implications for future years arising from this report. It is highly probable that the work of the Youth Forum will have a positive financial

impact for the Council (and other public sector organisations) through improving the effectiveness of services, but this cannot be quantified robustly.

6. Legal Implications

Implications completed by: (Shahnaz Patel Senior Lawyer)

6.1 No specific legal implications arise from this report.

7. Other Implications

7.1 **Risk Management** - No implications

7.2 **Contractual Issues** - No implications

7.3 **Staffing Issues** - No implications

7.4 Customer Impact

The Council supports the BAD Youth Forum to provide a key channel for consultation and engagement with young people in the borough. Services across the Borough are encouraged to bring relevant draft policies and strategies to the Forum to seek the views of young people, so that service design is informed by their feedback.

The Student Voice sub-group has created a comprehensive list of recommendations for both the Southern and North East Consortium websites in order to improve the information for students considering sixth form. The Forum would like both Consortia to seriously consider the recommendations made and include the 'tips and advice' section on both websites to ensure other young people have access to information that informs them about the experience of being a 6th former as opposed to just course information.

Through the commissioned inspection with London and Quadrant (L&Q) Housing Association, five Young Inspectors will be training ten L&Q residents to carry out inspections. As a result of this process young people will be able to assess services, have a greater influence on some of the future policies and procedures of the Housing Association and develop links with the Housing Association which will prove useful whilst a resident and a potential tenancy holder in the future.

The various inspections carried out by the Young Inspectors' group have had an impact on each of the services which have been inspected. The pharmacies have been able to identify training needs for staff, based on the young people's experience and comprehensive feedback including recommendations. The Sydenham Centre staff team are currently devising a plan to address the issues raised in the Young Inspectors' report and will be formally responding to the report young people completed as well as feeding back to the group the service changes that have been made. This feedback will also be presented to the Integrated Reproductive and Sexual Health Board meeting in the near future.

The Integrated Youth Service (IYS) policy inspection has helped to shape the policy to ensure it is young people friendly, including the language used in the policy. This

has now been distributed to service users of the IYS centres and has proved to be successful in monitoring behaviour. The Police inspection report has been submitted to the Borough Commander who has taken responsibility for ensuring the recommendations are distributed appropriately to colleagues to ensure the recommendations are considered and implemented where possible. The Borough Commander has expressed an interest in working with Young Inspectors in the future with regards to other services that impact on young people locally.

The addition of £15k in funding from Schools' Forum, given as a direct result of a campaign led by the BAD Youth Forum, will see improvements made to school councils and student voice systems across the borough's schools.

7.5 Safeguarding Children

The Young Inspectors' work in improving sexual health services for young people has impacted on young people's ability to access safe, impartial and comprehensive advice on issues relating to sexual health. In addition, the Inspectors' forthcoming inspection of L&Q Housing will focus on aspects of safety and safeguarding.

Arc Theatre's Girls in Gangs project saw the Forum gain a greater understanding and awareness of the issues around sexual exploitation and what they can do, as ambassadors for local young people, to tackle the issue. The Forum also worked closely with Skittlz (our Children in Care Council) and the Progress Project (Disabled Children's Parliament), which raised safeguarding issues faced by these groups of vulnerable young people.

7.6 Health Issues - N/A

7.7 Crime and Disorder Issues

The Barking and Dagenham Youth Forum have developed a very positive relationship with the Police and have agreed to participate in the Stop and Search Monitoring Group. The role of the young people will be to review and monitor stop and search statistics including age, gender and ethnic background of all stop and searches that take place in the borough. This process enables young people to challenge Police about any discrepancies they identify with the process. Equally young people are able to see an accurate account of the number of people stopped and the outcome of each stop and search. This will help young people to understand the process and reasons behind stop and search and continually monitor in the future if the process is justified and appropriate.

7.8 Property / Asset Issues - No implications

Background Papers Used in the Preparation of the Report: None

List of appendices: None

ASSEMBLY

25 February 2013

| | |
|---|---|
| Title: Budget Framework 2013/14 | |
| Report of the Cabinet Member for Finance | |
| Open Report | For Decision |
| Wards Affected: All | Key Decision: Yes |
| Report Author: Jonathan Bunt, Divisional Director – Finance | Contact Details: Tel: 020 8874 8427 E-mail: jonathan.bunt@lbbd.gov.uk |
| Accountable Divisional Director: Jonathan Bunt, Divisional Director – Finance | |
| Accountable Director: Graham Farrant, Chief Executive | |
| <p>Summary:</p> <p>This report sets out the:</p> <ul style="list-style-type: none"> • Medium Term Financial Strategy (MTFS) for 2013/14 to 2014/15; • Proposed General Fund budget for 2013/14; • Proposed level of Council Tax for 2013/14; • Financial outlook for 2014/15 onwards; • Four year draft capital investment programme. <p>The General Fund net budget for 2012/13 is £177.4m and the proposed net budget for 2013/14 is £178.1m. The budget for 2013/14 incorporates changes in government grants, decisions previously approved by Members in the Medium Term Financial Strategy, savings approved by Cabinet Members on 19 December 2012 and other financial adjustments.</p> <p>Council Tax for 2013/14 is proposed to remain at the current level (£1,016.40 for a Band D property). This would be the fifth consecutive year that Council Tax will have been frozen.</p> <p>The proposed draft capital programme is £315m for 2013/14 to 2015/16, including £203m for proposed HRA schemes. Details of the schemes included in the draft capital programme are at Appendix E.</p> <p>The Greater London Authority is reducing their precept by 1.2% for a Band D property, reducing the charge from £306.72 in 2012/13 to £303.00 in 2013/14.</p> | |

Recommendation(s)

Assembly is recommended to agree:

- (i) A base revenue budget for 2013/14 of £178.1m as detailed in **Appendix A**;
- (ii) The adjusted Medium Term Financial Strategy (MTFS) position for 2013/14 to 2014/15 allowing for other known pressures and risks at this time as detailed in **Appendix B**;
- (iii) Note the Chief Finance Officer's recommendation to increase the minimum level of balances to £15m and reduce the base budget contingency held.
- (iv) The Statutory Budget Determination for 2013/14 at **Appendix C**, which reflects a freeze on the amount of Council Tax levied by the Council, plus the final Council Tax announced by the Greater London Assembly on 25 February 2013 (1.2% reduction), as detailed in **Appendix D**;
- (v) The Council's draft four year capital programme as detailed in **Appendix E**.

Reason(s)

The setting of a robust and balanced budget for 2013/14 will enable the Council to provide and deliver required services within its overall business and financial planning framework, and to meet its policy priority of 'A Well Run Organisation.'

1.0 Introduction and Background

- 1.1 The purpose of this report is to seek agreement to the revenue budget for 2013/14 of £178.1m (£177.4m in 2012/13).
- 1.2 The report also sets out the Medium Term Financial Strategy (MTFS) for 2013/14 to 2014/15 and the Council Tax level for 2013/14.
- 1.3 As part of the budget setting process consideration has been given to the priorities set out in the Council's Corporate Plan and how best these can be achieved with the recourses available. The Council's latest Corporate Plan will be presented for approval in March.

2.0 Medium Term Financial Strategy (MTFS)

- 2.1 The Budget Strategy 2013/14 report presented to Cabinet on 19 December 2012 showed the MTFS was forecasting a surplus of £719k for 2013/14.
- 2.2 Table 1 below shows how the MTFS changed from its position reported to Assembly in February 2012 to the position reported to Cabinet in December 2012.

Table 1 – MTFs Changes from February 2012 to December 2012

| Medium Term Financial Strategy Pressures and Adjustments | 2013/14 £'000 | 2014/15 £'000 |
|--|------------------|------------------|
| MTFS Pressures – February 2012 Assembly | 19,330 | 16,050 |
| MTFS Savings – February 2012 Assembly | (10,950) | (739) |
| MTFS Budget Gap – February Assembly 2012 | 8,380 | 15,311 |
| Service pressures and adjustments since February | (2,566) | (2,300) |
| Additional savings before Select Committees | (7,085) | (7,140) |
| Net Budget Gap / (surplus) – November 2012 | (1,271) | 5,871 |
| Savings withdrawn/deferred/amended | 552 | 80 |
| Net Budget Gap / (Surplus) – December 2012 | (719) | 5,951 |

- 2.3 Since December's Cabinet meeting the Department for Communities and Local Government (CLG) announced the final 2013/14 finance settlement for local authorities on the 4 February 2013. Prior to this announcement the MTFs had made assumptions regarding the funding the Council would receive based on indicative indications from CLG and advice from other external bodies. The impact of the finance settlement on the MTFs is shown in the table below.

Table 2 – Changes to the MTFs following the 2013/14 finance settlement

| Medium Term Financial Strategy Pressures and Adjustments | 2013/14 £'000 | 2014/15 £'000 |
|--|------------------|------------------|
| Net Budget Gap / (Surplus) – December 2012 | (719) | 5,951 |
| Changes in Funding (Paragraph 2.6) | (6,975) | 3,183 |
| Reduction in Corporate Contingency (paragraph 2.7) | - | (2,000) |
| Pressures in Children's Services (paragraph 2.8) | 1,700 | - |
| Transfer of Council Tax and NNDR surplus to reserves (paragraph 2.9) | 860 | (450) |
| Reduced Expenditure Due to Ceasing of the Housing Fraud Grant (Paragraph 2.10) | (100) | - |
| In Year Net Budget Gap / (Surplus) | (5,234) | 6,684 |
| Roll-forward of Previous Year's Surplus | - | (5,234) |
| Total Net Budget Gap / (Surplus) | (5,234) | 1,450 |

- 2.4 The 2013/14 finance settlement provided the Council with higher than expected funding in 2013/14, resulting in a forecast £5.2m surplus. However, the funding for 2014/15 was worse than expected and including the 2013/14 surplus a budget gap of £1.5m exists.
- 2.5 Based on the 2012/13 underspend reported to Cabinet, the Council will create a cash fund to balance the budget over the two years 2013/14 – 2014/15. Although the 2014/15 budget gap is £1.5m a cash fund of up to £2.0m could be created from the underspend.
- 2.6 The difference between the funding assumptions made in the MTFs before and after the announcement of the settlement is shown in the table below.

Table 3 –Changes in funding built into the MTFS before and after the announcement of the finance settlement, and the resulting difference

| Funding Source | 2013/14 | | | 2014/15 | | |
|--------------------------|------------------|-----------------|----------------|------------------|-----------------|----------------|
| | Before £000's | After £000's | Diff £000's | Before £000's | After £000's | Diff £000's |
| Formula & Specific Grant | 6,685 | 6,657 | (28) | 8,000 | 11,807 | 3,807 |
| Council Tax Freeze Grant | (400) | (545) | (145) | - | - | - |
| Weekly Collection Grant | (281) | (417) | (136) | - | - | - |
| New Homes Bonus Grant | (500) | (1,423) | (923) | (500) | (1,328) | (828) |
| Council Tax Surplus | - | (450) | (450) | - | 450 | 450 |
| Council Tax Precept | - | (183) | (183) | - | (246) | (246) |
| NNDR Surplus | - | (410) | (410) | - | - | - |
| Education Services Grant | - | (4,700) | (4,700) | - | - | - |
| Change in Funding | | | (6,975) | | | 3,183 |

- 2.7 By applying £1.0m of unused contingency from 2012/13 and reducing the 2014/15 contingency originally in the MTFS by £1.0m, an overall reduction in contingency of £2.0m can be achieved.
- 2.8 To meet the demands of an increasing young population in the Borough additional funding has been allocated to Children's Services [£1.7m].
- 2.9 The future Council Tax and National Non-Domestic Rates (NNDR) income due to the authority in the proposed budget is based on estimated collection rates. Due to the uncertainties around the localisation of Council Tax benefit and NNDR, and to mitigate the risk of actual income becoming lower than estimated, a reserve is being created from the assumed Council Tax and NNDR surpluses [£860k].
- 2.10 In addition to the wider funding changes released on 4th February, the government announced that the housing fraud grant would cease from 2013/14. As a result the expenditure funded by the grant has been removed and the reduction in income is included as a funding change [(£100k)].
- 2.11 Following the 2013/14 finance settlement the Council's net budget requirement is £178.1m. The table below shows how this is funded and details the changes in funding from 2012/13 to 2014/15.

Table 4 - Sources of funding 2012/13 to 2014/15

| Funding Source | 2012/13 £000's | 2013/14 £000's | 2014/15 £000's |
|----------------------------------|-------------------|-------------------|-------------------|
| Formula & Specific Grant | 119,268 | 112,612 | 100,805 |
| Council Tax Freeze Grants | 2,655 | 1,885 | 1,885 |
| Weekly Collection Grant (Refuse) | - | 417 | 417 |
| New Homes Bonus Grant | 1,469 | 2,892 | 4,220 |
| Education Services Grant | - | 4,700 | 4,700 |
| Government Funding | 123,392 | 122,506 | 112,027 |
| Council Tax Surplus | 399 | 450 | - |
| Council Tax Precept | 53,588 | 40,610 | 40,856 |
| Council Tax Support Grant | - | 14,136 | 14,136 |

| | | | |
|----------------------|----------------|----------------|----------------|
| NNDR Surplus | - | 410 | 410 |
| Local Funding | 53,987 | 55,606 | 55,402 |
| | | | |
| Total Funding | 177,379 | 178,112 | 167,429 |

- 2.12 Table 4 shows that government funding will reduce by 0.7% (£0.9m) in 2013/14 then by a further 8.6% (£10.5m) in 2014/15. In addition the Council Tax Support (CTS) grant has been excluded from the government's calculations of local authority funding. This change creates another £1.8m pressure to the Council each year, and this is being managed through the CTS scheme approved by Assembly on 14 January 2013.
- 2.13 The government will announce the final Education Services Grant allocations in March 2013, which could change the funding position. On the basis of the information released to the Council by the Department for Education, the grant and associated expenditure has been incorporated into the budget for 2013/14 and 2014/15. Once the final terms and conditions of the grant are announced, the application of the funds and their implications on the Council's budget may have to be reviewed.
- 2.14 An important consideration in the MTFs is the level of balances and contingency to be held. This is determined by the financial risks the Council faces. Previously this has been set at £10m balances and £2m contingency. The level of financial risk faced by the Council has increased significantly in the last 12 months from a number of sources:
- The new funding system for local government transferring financial risk from central to local government, especially through CTS and NNDR;
 - Welfare reforms leading to direct pressures on key Housing budget, and potentially also to Children's and Adults budgets;
 - Continued poor economic performance impacting on the Council's income streams; and
 - Demographic changes, especially in the demand for school places.
- 2.15 In view of this increased risk, the minimum level of balances is recommended to increase to £15m. In return for maintaining a higher minimum level of balances, the Council can operate on a lower contingency within the base budget therefore releasing recurring savings.

3.0 General Fund Revenue Budget 2013/14

- 3.1 The proposed budget for 2013/14 has been set starting with the original 2012/13 budget approved by Assembly in February 2012. This was then adjusted for items detailed in the approved MTFs and other adjustments made in accordance with financial regulations during 2012/13.
- 3.2 The Chief Finance Officer has advised that in order to ensure the Council's financial base is not eroded that Council Tax levels should increase. However, a political decision has been taken to keep Council Tax frozen for a further year.

- 3.3 Proposed Directorate budgets are provided in Appendix A and the Statutory Budget Determination for 2012/13 is set out in Appendix C of this report.
- 3.4 In order to address the funding reductions as well as other service pressures outlined in the MTFS, Cabinet in December 2012 approved savings of £16.6m in respect of 2013/14. An analysis of savings by Directorate has been provided in Appendix B of the Budget Strategy Report (December 2012). An equalities impact assessment of savings options has also been completed based on separate assessments for each saving and can be found at Appendix D of the same report.
- 3.5 The proposed net budget requirement for 2013/14 is £178.1m and the details of how this is funded are set out in Table 4 of this report.
- 3.6 Details of the levies (Environment Agency, East London Waste Authority, Lee Valley Park, London Pension Fund Authority) the Council is required to pay in 2013/14 have yet to be confirmed. The budget includes an increased provision for the cost of levies of £700k from 2012/13 which, based on current information provided by the levying authorities, is expected to be sufficient. As highlighted in section 2, allocations of the Education Services Grant paid by the Department for Education are to be confirmed in March 2013.

4.0 Council Tax Requirement

- 4.1 The Council proposes to freeze its Council Tax for 2013/14 (£1,016.40 for a Band D property). This will be the fifth consecutive year the Council has set a budget without increasing Council Tax.
- 4.2 The Mayor of London has set a 1.2% reduction in the Greater London Authority precept for 2013/14. The precept will be reduced from the 2012/13 amount of £306.72 to £303.00 (Band D property). This reduction was presented to the London Assembly on 25 February 2013.
- 4.3 Councils who opt to freeze their Council Tax will receive a grant from the government in 2013/14 and 2014/15. Barking and Dagenham will receive additional funding of £545k and this has been factored into the MTFS.
- 4.4 The calculation of the proposed Council Tax for 2013/14 is shown in Appendix D.
- 4.5 Under the Local Government Finance Act 1992 Council Tax must be set before 11 March of the preceding year.

5.0 Financial Outlook

- 5.1 The Chancellor's Autumn Statement made on 5 December 2012 showed the economy was not recovering as quickly as forecast. The gross domestic product (GDP), a key indicator of growth, is now expected to be lower in every year of the forecast. Consequently the government now expects to start reducing debt a year later in 2016/17.
- 5.2 The Autumn Statement also confirmed that total government spending in 2015/16 and 2016/17 will continue to change at the same rate as the Spending Review 2010 (SR10) period. Detailed spending plans, including the breakdown between

departments, will be set out in the first half of 2013, although it was confirmed that the protection of the health, schools and overseas aid budgets will continue.

- 5.3 In addition to these changes there will be a one off impact to 2015/16 of £1.9m when the Council Tax Freeze grants end.
- 5.4 In light of this information and modelling undertaken by the Local Government Association, the Council has built further funding reductions into the MTFs from 2015/16. The forecast reductions are shown in the table below.

Table 5 – Forecast reductions in government funding over the next 5 years

| | 2015/16 £000's | 2016/17 £000's | 2017/18 £000's | 2018/19 £000's | 2019/20 £000's |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Reduction in Funding | 7,775 | 4,652 | 4,008 | 3,840 | 3,682 |

- 5.5 As details of the next spending review are yet to be announced there is uncertainty about the level of funding reductions that will occur from 2015/16. The table below models different reduction scenarios to provide an indication of the possible outcomes.

Table 6 – Indicative cuts to central funding from 2015/16 to 2019/20

| % of Reduction | 4% Annually £000's | 5% Annually £000's | 6% Annually £000's | 7% Annually £000's | 8% Annually £000's |
|----------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 2015/16 | 4,030 | 5,037 | 6,045 | 7,052 | 8,059 |
| 2016/17 | 3,868 | 4,785 | 5,682 | 6,558 | 7,415 |
| 2017/18 | 3,714 | 4,546 | 5,341 | 6,099 | 6,821 |
| 2018/19 | 3,565 | 4,319 | 5,020 | 5,672 | 6,276 |
| 2019/20 | 3,423 | 4,103 | 4,719 | 5,275 | 5,774 |
| Total | 18,600 | 22,790 | 26,807 | 30,656 | 34,345 |

6.0 Draft Capital Programme

- 6.1 The Council is required to review its capital spending plans each year and set a capital programme. A key consideration when setting the programme is the projected level of available capital resources and the affordability of the overall programme.
- 6.2 The level of existing internal resources has been reviewed during the year and existing and expected General Fund capital receipts have been allocated to reduce the borrowing requirement of the approved programme, rather than being made available to fund new schemes. The reason for this is to reduce the impact of debt charges on the Council's revenue budget. Officers continue to review the level of existing planned borrowing and identify further reductions that can be made.
- 6.3 New schemes that have identified external funding (e.g. government grants) are added to the capital programme during the year and are appraised internally as and when the development arises (see paragraph 6.7). Further borrowing will only be possible for new schemes where the expenditure is essential for statutory and/or health and safety reasons to enhance assets that are in need of urgent

maintenance or where the completed project generates an income stream that will enable the financing of the incurred debt. Directorates are required to find savings in their existing approved programmes to fund new schemes, where possible, in order to limit the level of borrowing.

6.4 To meet the statutory demand for school places, the Council will continue to lobby for additional funds from central Government. Through successful lobbying to date by Members and officers, the Council has been awarded an additional £29.8m of Basic Needs funding in 2012/13 in respect of school places. This forms part of an overall allocation from government of £89.8m since 2011/12 and will be invested over the next four years. An announcement on new Basic Needs funding from the government is expected in February and indications are that a further £35m will be allocated to the Council, but this is not yet confirmed.

6.5 Current capital programme

The current capital programme for the Council is £110.9m for 2012/13, and a further £315.021m for 2013/16. This is summarised in the table below.

Table 7 – Draft capital programme 2012/13 to 2015/16

| Capital Expenditure | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|--|----------------|----------------|----------------|----------------|---------------|
| £000's | Actual | Estimate | Estimate | Estimate | Estimate |
| General Fund | 97,178 | 67,587 | 74,579 | 32,017 | 5,475 |
| HRA * | 30,968 | 43,350 | 83,240 | 74,090 | 45,620 |
| HRA settlement | 265,912 | - | - | - | - |
| Approved Capital Prog | 394,058 | 110,937 | 157,819 | 106,107 | 51,095 |
| Financed by: | | | | | |
| Capital Receipts | - | 6,037 | 12,429 | 5,700 | 1,920 |
| Capital Grants and Contributions | 79,728 | 54,161 | 96,990 | 33,557 | 7,225 |
| Revenue contributions | 1,440 | 607 | - | - | - |
| Capital Reserves | - | 1,195 | - | - | - |
| HRA Resources | 7,638 | 33,850 | 42,260 | 45,250 | 41,950 |
| Net financing need for the year | 305,252 | 15,087 | 6,140 | 21,600 | - |

*HRA programme is based on the HRA business plan as at Jan 2013

6.6 The capital programme is supported by the Capital Delivery Team (Assets and Commercial Services) and is monitored by the Finance Capital Team. The current programme is funded by £54.1m grants and contributions, £33.9m in HRA resources, £7.8m General Fund sources (i.e. capital receipts, revenue contributions and reserves) with the remaining £15.1m funding requirement to be met from borrowing. It is currently anticipated that the capital programme will underspend in the region of £11m this year due to slippage. Requests for carry forwards of funding will be submitted to June Cabinet for approval.

6.7 The full list of approved schemes is included at Appendix E. Future capital scheme proposals will be considered as and when new funding streams are identified, or where there are major Council developments which will require capital investment to meet strategic objectives. Essential remedial works for health and safety/statutory

reasons will be met, however it is planned that further borrowing will be kept to an absolute minimum.

6.8 A draft capital programme is presented for approval as amendments will be required before 2013/14 when further information becomes available. The amendments will be carried out in accordance with financial regulations.

6.9 **Capital appraisal and monitoring system**

The Council has in place a Capital Programme Monitoring system to ensure that capital projects are appraised and scored in terms of:

- Strategic fit and business justifications;
- Options analysis and achievability;
- Management and delivery structure;
- Risk analysis;
- Financial implications.

6.10 The Capital Programme Monitoring process is Office of Government Commerce (OGC) Gateway compliant and supports the effective delivery of the Council's capital programme. The OGC is the recognised industry standard for procurement purposes.

7.0 **Consultation**

Implications provided by Paul Bates: Group Manager Marketing and Communication: 020 8227 3362; paul.bates@lbbd.gov.uk

7.1 The details of the consultation are included in Appendix F – 2013/14 Budget Consultation – Summary of Submissions and Responses

8.0 **Financial Implication**

8.1 Financial Implications have been covered throughout the report.

9.0 **Legal Implications**

Implications completed by Paul Feild, Corporate Governance Lawyer

9.1 A local authority is required under the Local Government Finance Act 1992 to produce a 'balanced budget'. The current budget setting takes place in the context of significant and widely known reductions in public funding to local authorities. Where there are reductions or changes in service provision as a result of changes in the financial position the local authority is free to vary its policy and consequent service provision but at the same time must have regard to public law considerations in making any decision lawfully as any decision eventually taken is also subject to judicial review. Members would also wish in any event to ensure adherence as part of good governance. Specific legal advice may be required on the detailed implementation of agreed savings options. Relevant legal considerations are identified below:

9.2 Whenever there are proposals for the closure or discontinuance of a service or services, there will be a need for appropriate consultation, so if savings proposals t

will affect staff then it will require consultation with Unions and staff. In addition to that Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet.

9.3 If at any point resort to constricting expenditure is required, it is important that due regard is given to statutory duties and responsibilities. In particular the Council must have regard to:

- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must be fulfilled or varied with agreement of current providers;
- any legitimate expectations that persons already receiving a service (due to be cut) may have to either continue to receive the service or to be consulted directly before the service is withdrawn;
- any rights which statute may have conferred on individuals and as a result of which the council may be bound to continue its provision. This could be where an assessment has been carried out for example for special educational needs statement of special educational needs in the education context);
- the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;
- having due regard to any consultation undertaken.

9.4 In relation to the impact on different groups, it should be noted that the Equality Act 2010 provides that a public authority must in the exercise of its functions have due regard to the need to eliminate discrimination and to advance equality of opportunity between persons who do and those who do not share a relevant 'protected characteristic'. This means an assessment needs to be carried out of the impact and a decision taken in the light of such information.

10.0 Other Implications

10.1 **Risk Management** – This report concerns financial risks carried by the Council. The report sets out how the Council will manage and minimise these financial risks.

10.2 **Contractual Issues** – There are no contractual risks directly linked to this report however the impact of the savings approved as part of this budget report may have an impact on individual contracts.

10.3 **Staffing Implications** – Discussions with the Trade Unions on the specific impact of the savings proposals for 2013/14 began in mid-October, although budgets are discussed at each formal meeting with them. For each individual savings proposal, where there is an impact on staff, consultation has taken place with the staff affected. Appropriate HR policies and procedures around implementing change will be followed. The Council remains committed to minimising compulsory redundancies where possible. We have issued HR1 and S188 letters to advise of the potential of a significant number of redundancies.

10.4 Where there are reductions in posts, this frequently means that smaller numbers of staff are required to carry out the same volume of work. The process of

implementation of the savings will need to be handled with care to mitigate risks in relation to this.

- 10.5 **Customer Impact** – The freezing of Council Tax at 2010/11 levels is designed to minimise the financial impact on residents. The saving options have been subject to an assessment of equalities and diversity implications and consideration given to the extent of adverse impact on customers. Extensive consultation has also taken place. Front line services have been protected as far as possible, but some cuts to front line services have been unavoidable.
- 10.6 **Crime and Disorder Issues** – The Crime and Disorder Act places a duty on the Council as a responsible authority to have regard to the reduction and prevention of crime and disorder in its decision making process and policy development and delivery. As such in terms of financial constraints it is important to have regard to the impact of budget reductions in terms of crime and disorder.
- 10.7 **Property / Asset Issues** – Some of the savings proposals have indirect property/ asset implications with regards building closures resulting from service reviews, which will reduce the Council's property estate. The implications of these will be dealt with on a property-by-property basis in line with the Council's disposal rules. Additionally the continued reduction in posts across various areas of the Council may result in increased health and safety management risks within the borough.

Background Papers Used in the Preparation of the Report:

Assembly Budget Framework 2012/13 report – February 2012

Cabinet Budget Strategy 2013/14 report – December 2012

List of appendices:

Appendix A – Revenue Budget 2013/14

Appendix B – MTFs 2013/14 to 2014/15

Appendix C – The Statutory Budget Determination

Appendix D – Calculation of the Council Tax Requirement

Appendix E – The Council's Draft 4 year Capital Programme

Appendix F – 2013/14 Budget Consultation – Summary of Submissions and Responses

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2013/14 Details of Directorate Gross and Net Budgets Including Recharges

| Directorate | Gross Expenditure £'000 | Support Costs £'000 | Depreciation £'000 | Recharge Income £'000 | Income £'000 | Net Budget £'000 |
|-------------------------------|----------------------------|------------------------|-----------------------|--------------------------|------------------|---------------------|
| Adults & Community Services | 76,224 | 6,949 | 3,143 | (862) | (28,225) | 57,229 |
| Children's Services | 64,102 | 7,735 | 14,355 | (1,601) | (16,664) | 67,927 |
| Housing & Environment | 31,342 | 10,728 | 9,263 | (6,732) | (22,008) | 22,593 |
| Finance & Resources | 175,922 | 10,056 | 970 | (22,095) | (144,904) | 19,949 |
| Chief Executive's Directorate | 6,415 | 1,682 | 8 | (8,126) | (166) | (187) |
| Contingency & Levies | 14,901 | - | - | - | - | 14,901 |
| General Finance | 24,335 | - | (27,739) | - | (896) | (4,300) |
| Dedicated Schools Grant | 213,360 | 2,266 | - | - | (215,626) | - |
| TOTAL | 606,601 | 39,416 | - | (39,416) | (428,489) | 178,112 |

APPENDIX A

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Medium Term Financial Strategy - Summary Position 2013/14 - 2014/15

| | 2013/14 £'000 | 2014/15 £'000 | Total £'000 |
|--|------------------|------------------|----------------|
| BUDGET INCREASES | | | |
| Corporate Obligations/Implications Of Economic Climate | 5,530 | 2,450 | 7,980 |
| Financial Implications Of Member Approved Decisions | 750 | 750 | 1,500 |
| Financial Implications Of Future Investment | (139) | 500 | 361 |
| Investment Required To Ensure Budget Is Robust | 5,987 | 50 | 6,037 |
| Total Additional Costs (A) | 12,128 | 3,750 | 15,878 |
| CHANGES IN INCOME & FUNDING | | | |
| Formula Grant | (2,602) | (11,282) | (13,884) |
| Specific Grants | (4,055) | (525) | (4,580) |
| NHS Grants | - | - | - |
| Council Tax Freeze Grant 2012/13 | (1,315) | - | (1,315) |
| Council Tax Freeze Grant 2013/14 | 545 | - | 545 |
| Council Tax | 260 | 246 | 506 |
| Council Tax exemption changes | 500 | - | 500 |
| Weekly Collection Grant | 417 | - | 417 |
| New Homes Bonus Grant | 1,423 | 1,328 | 2,751 |
| Change in Council Tax base | - | - | - |
| Collection Fund surplus/deficit | 450 | (450) | - |
| Business Rates surplus/deficit | 410 | - | 410 |
| Education Services Grant | 4,700 | - | 4,700 |
| Total Changes in Income (B) | 733 | (10,683) | (9,950) |
| BUDGET GAP (A less B) | 11,395 | 14,433 | 25,828 |
| SAVINGS | | | |
| Departmental Savings | 11,629 | 7,749 | 19,378 |
| Corporate Savings & Efficiency | 5,000 | - | 5,000 |
| Total Savings | 16,629 | 7,749 | 24,378 |
| BUDGET GAP INCLUDING SAVINGS | (5,234) | 6,684 | 1,450 |

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STATUTORY BUDGET DETERMINATIONS

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

1. At its meeting on 14 January 2013 the Council approved the Council Tax Base 2012/2013 calculation for the whole Council area as 39,955.66 [Item T in the formula in Section 31B (3) of the Local Government Finance Act 1992, as amended (“the Act”)]
2. The following amounts have been calculated by the Council for the year 2013/14 in accordance with Sections 31 to 36 of the Act:-

| | | |
|-----|--------------|--|
| (a) | £606,601,000 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act. |
| (b) | £565,990,067 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act. |
| (c) | £40,610,933 | being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year (i.e. Item R in the formula in Section 31A(4) of the Act). |
| (d) | £1,016.40 | being the amount at 2(c) above (i.e. “Item R”), divided by Item T (shown at 1 above), calculated by the Council, in accordance with Section 31B(1) of the Act as the basic amount of its Council Tax for the year. Refer below for further detail. |

Valuation Bands

| A | B | C | D | E | F | G | H |
|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|
| £677.60 | £790.53 | £903.47 | £1,016.40 | £1,242.27 | £1,468.13 | £1,694.00 | £2,032.80 |

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

3. That it be noted that for the year 2013/14 the Greater London Authority has indicated the following amounts in precepts issued to the Council, in accordance

APPENDIX C

with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:-

Precepting Authority: Greater London Authority

Valuation Bands

| A | B | C | D | E | F | G | H |
|---------|---------|---------|---------|---------|---------|---------|---------|
| £202.00 | £235.67 | £269.33 | £303.00 | £370.33 | £437.67 | £505.00 | £606.00 |

4. That, having calculated the aggregate in each case of the amounts at 2 and 3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2013/14 for each of the categories of dwellings shown below:-

Valuation Bands

| A | B | C | D | E | F | G | H |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| £879.60 | £1,026.20 | £1,172.80 | £1,319.40 | £1,612.60 | £1,905.80 | £2,199.00 | £2,638.80 |

Calculation of the Proposed Council Tax for 2013/14

| | £000's |
|---|-------------------------|
| Original 2012/13 Budget | 177,379 |
| Members Approved Decisions - February 2012 Assembly | 9,830 |
| New MTFs Items | 7,532 |
| Savings | <u>(16,629)</u> |
| Total Adjustments | 733 |
| Base Budget Requirement for 2013/14 | <u>178,112</u> |
| Funded By: | |
| Formula & Specific Grants | (112,611) |
| Council Tax Support Grant | (14,137) |
| Education Services Grant | (4,700) |
| New Homes Bonus Grant | (2,892) |
| Council Tax Freeze Grants | (1,885) |
| Council Tax Surplus | (450) |
| Weekly Collection Grant | (417) |
| NNDR Surplus | <u>(410)</u> |
| Total Funding | (137,502) |
| Council Tax Requirement | <u>40,610</u> |
| Council Tax Base (Equivalent Band D properties) | 39,955.66 |
| Council Tax: | |
| London Borough of Barking & Dagenham | £1,016.40 |
| Greater London Authority (subject to confirmation) | £303.00 |
| Overall Council Tax - Band D equivalent | <u>£1,319.40</u> |

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DRAFT CAPITAL PROGRAMME SUMMARY (2012/13 - 2015/16)

| Project No. | Project Name | Budget 2012/13 | Budget 2013/14 | Budget 2014/15 | Budget 2015/16 | Total | External Funding | MRA | Section 106 | HRA/GRF Revenue & Reserves | Total Borrowing | Capital Receipts | Total |
|---|--|------------------|------------------|------------------|----------------|-------------------|------------------|-----|----------------|----------------------------|------------------|-------------------|-------------------|
| Adult & Community Services | | | | | | | | | | | | | |
| Community Services, Heritage & Libraries | | | | | | | | | | | | | |
| 1654 | Ripple Hall (St Georges/Vol Group Relocation) | 245,405 | | | | 245,405 | | | | | 245,405 | | 245,405 |
| 191 | Eastbury House | 10,818 | | | | 10,818 | | | | | 10,818 | | 10,818 |
| 2233 | Valence Site Redevelopment | 54,162 | | | | 54,162 | 43,087 | | | | 11,075 | | 54,162 |
| 2872 | Fews Lodge Extra Care Scheme | 677,029 | | | | 677,029 | 577,029 | | | 100,000 | | | 677,029 |
| 2888 | Direct Pymt Adaptations | 380,000 | | | | 380,000 | 380,000 | | | | | | 380,000 |
| 2913 | 80 Gascoigne Road Care Home | 327,188 | | | | 327,188 | 327,188 | | | | | | 327,188 |
| 100 | Disabled Adaptations (HRA) | 493,995 | | | | 493,995 | | | | | 493,995 | | 493,995 |
| Leisure & Olympics | | | | | | | | | | | | | |
| 2266 | Barking Park Restoration & Improvement | 808,616 | | | | 808,616 | 332,493 | | 63,307 | | 412,816 | | 808,616 |
| 2768 | Abbey Sports Centre (West Side Changing Areas) | 8,816 | | | | 8,816 | 8,816 | | | | | | 8,816 |
| 2603 | Becontree Heath Leisure Centre | 248,890 | | | | 248,890 | | | | | 248,890 | | 248,890 |
| 2815 | Goresbrook Leisure Centre - Olympic Training Ven | 19,713 | | | | 19,713 | 19,713 | | | | | | 19,713 |
| 2855 | Maysbrook Park Athletics Arena | 796,080 | | | | 796,080 | 780,500 | | | | 15,580 | | 796,080 |
| 2870 | Barking Leisure Centre 12-14 | 2,134,679 | 5,939,000 | 4,350,000 | 170,000 | 12,593,679 | | | 400,000 | | | 12,193,679 | 12,593,679 |
| Total For Adult & Community Services | | 6,205,391 | 5,939,000 | 4,350,000 | 170,000 | 16,664,391 | 2,468,826 | | 463,307 | 100,000 | 1,438,579 | 12,193,679 | 16,664,391 |

| Project No. | Project Name | Budget 2012/13 | Budget 2013/14 | Budget 2014/15 | Budget 2015/16 | Total | External Funding | MRA | Section 106 | HRA/GRF Revenue & Reserves | Total Borrowing | Capital Receipts | Total |
|----------------------------|--|----------------|----------------|----------------|----------------|------------|------------------|-----|-------------|----------------------------|-----------------|------------------|------------|
| Children's Services | | | | | | | | | | | | | |
| Primary Schools | | | | | | | | | | | | | |
| 2555.1 | Eastbury | 113,218 | | | | 113,218 | 113,218 | | | | | | 113,218 |
| 2745 | George Carey CE Primary School (formerly Barkin Roding Primary School - Cannington Road Annex) | 940,268 | | | | 940,268 | 720,268 | | 220,000 | | | | 940,268 |
| 2736 | Roding Primary School - Cannington Road Annex | 215,900 | | | | 215,900 | 215,900 | | | | | | 215,900 |
| 2759 | Beam Primary Expansion | 97,674 | | | | 97,674 | 97,674 | | | | | | 97,674 |
| 2799 | St Joseph's Primary - expansion | 356,023 | | | | 356,023 | 356,023 | | | | | | 356,023 |
| 2800 | St Peter's Primary - expansion | 33,869 | | | | 33,869 | 33,869 | | | | | | 33,869 |
| 2776 | Thames View Infants - London TG Agreement | 76,071 | | | | 76,071 | 76,071 | | | | | | 76,071 |
| 2787 | Cambell Junior - Expansion & Refurb | 31,367 | | | | 31,367 | 31,367 | | | | | | 31,367 |
| 2786 | Thames View Juniors - Expansion & Refurb | 467,953 | | | | 467,953 | 467,953 | | | | | | 467,953 |
| 2784 | Manor Longbridge (Former UEL Site) | 575,934 | | | | 575,934 | 575,934 | | | | | | 575,934 |
| 2789 | Westbury - New Primary School | 144,210 | | | | 144,210 | 144,210 | | | | | | 144,210 |
| 2790 | St Georges - New Primary School | 124,788 | | | | 124,788 | 124,788 | | | | | | 124,788 |
| Other Schemes | | | | | | | | | | | | | |
| UAC12 | New Capital Allocation - Implementation of early ec | 889,302 | | | | 889,302 | 889,302 | | | | | | 889,302 |
| 2793 | SMF - School Modernisation Fund | 2,407,849 | | | | 2,407,849 | 2,407,849 | | | | | | 2,407,849 |
| 2742 | Youth Access Card | 43,168 | | | | 43,168 | 43,168 | | | | | | 43,168 |
| 2751 | School's Kitchen Extension/Refurbishment 10/11 | 36,410 | | | | 36,410 | 36,410 | | | | | | 36,410 |
| 2310 | William Bellamy Childrens Centre | 6,458 | | | | 6,458 | 6,458 | | | | | | 6,458 |
| 2217 | John Perry Childrens | 9,619 | | | | 9,619 | 9,619 | | | | | | 9,619 |
| 2651 | Alibon Childrens Centre | (8,812) | | | | (8,812) | (8,812) | | | | | | (8,812) |
| 2739 | Gascoigne Community Centre | (8,051) | | | | (8,051) | (8,051) | | | | | | (8,051) |
| 2826 | 512a Heathway - Conversion to a Family Resourc | 84,462 | | | | 84,462 | 84,462 | | | | | | 84,462 |
| 2878 | 512a Heathway (phase 2)- Conversion to a Family | 147,036 | | | | 147,036 | 147,036 | | | | | | 147,036 |
| 9999 | Devolved Capital Formula | 2,234,726 | | | | 2,234,726 | 2,234,726 | | | | | | 2,234,726 |
| 2818 | Sydney Russell - Schools For The Future | 11,382,809 | | | | 11,382,809 | 11,382,809 | | | | | | 11,382,809 |
| 2859 | Robert Clack Expansion | 10,890 | | | | 10,890 | 10,890 | | | | | | 10,890 |
| 2860 | Monteagle Primary (Quadrangle Infill) | 1,846,585 | 50,000 | | | 1,846,585 | 1,846,585 | | | | | | 1,846,585 |
| 2861 | Eastbury Primary (Expansion) | 750,007 | 345,000 | | | 1,095,007 | 1,095,007 | | | | | | 1,095,007 |
| 2863 | Parsloes Primary (Expansion) | 1,309,989 | 50,000 | | | 1,359,989 | 1,359,989 | | | | | | 1,359,989 |

| Project No. | Project Name | Budget 2012/13 | Budget 2013/14 | Budget 2014/15 | Budget 2015/16 | Total | External Funding | MRA | Section 106 | HRA/GRF Revenue & Reserves | Total Borrowing | Capital Receipts | Total |
|--|--|----------------|----------------|----------------|----------------|--------------------|--------------------|-----|----------------|----------------------------|------------------|------------------|--------------------|
| 2864 | Godwin Primary (Expansion) | 1,100,000 | 1,150,000 | | | 2,250,000 | 2,250,000 | | | | | | 2,250,000 |
| 2865 | William Bellamy Infants/Juniors (Expansion) | 749,702 | 1,650,000 | 50,000 | | 2,449,702 | 2,449,702 | | | | | | 2,449,702 |
| 2866 | Dagenham Village Rectory Road Library (Expa | 200,000 | | | | 200,000 | 200,000 | | | | | | 200,000 |
| 2867 | Southwood Primary (Expansion) | 1,251,207 | 50,000 | | | 1,301,207 | 1,301,207 | | | | | | 1,301,207 |
| 2900 | Becontree Primary Expansion | 385,548 | | | | 385,548 | 385,548 | | | | | | 385,548 |
| 2601 | Renewal School Kitchens 2009/10 | 177 | | | | 177 | 177 | | | | | | 177 |
| 2753 | Cross-Government Co-Location Fund | 4 | | | | 4 | 4 | | | | | | 4 |
| 2365 | Gascoigne Primary | (169) | | | | (169) | (169) | | | | | | (169) |
| 2918 | Roding Carrington | 90,000 | | | | 90,000 | 90,000 | | | | | | 90,000 |
| 2919 | Richard Alibon Expansion | 75,000 | | | | 75,000 | 75,000 | | | | | | 75,000 |
| 2920 | Warren/Fuze Expansion | 90,000 | | | | 90,000 | 90,000 | | | | | | 90,000 |
| 2921 | Manor Infant, Jnr Expansion | 100,000 | | | | 100,000 | 100,000 | | | | | | 100,000 |
| 2922 | Valence Halbutt Expansion | 50,000 | | | | 50,000 | 50,000 | | | | | | 50,000 |
| 2923 | Rush Green Expansion | 15,000 | | | | 15,000 | 15,000 | | | | | | 15,000 |
| 2924 | St. Josephs Primary Extn | 1,680,000 | | | | 1,680,000 | 1,680,000 | | | | | | 1,680,000 |
| 2929 | SMF 2012/13 | 784,623 | 1,125,000 | | | 1,909,623 | 1,909,623 | | | | | | 1,909,623 |
| 2932 | Trinity 6th Form Provision | 922,250 | | | | 922,250 | 922,250 | | | | | | 922,250 |
| Basic Needs | | | | | | | | | | | | | |
| UAC1 | New Schools Places - Primary | 503,000 | 7,395,000 | | | 7,898,000 | 7,898,000 | | | | | | 7,898,000 |
| UAC2 | New Schools Places - Various Schools/New Schol | 182,635 | | | | 182,635 | 182,635 | | | | | | 182,635 |
| UAC3 | New Schools Places - Various Schools/New Schools | | 11,800,000 | 21,725,000 | 5,305,000 | 38,830,000 | 38,830,000 | | | | | | 38,830,000 |
| UAC4 | New Schools Places - Various Secondary Schools | 250,000 | 31,600,000 | | | 31,850,000 | 31,850,000 | | | | | | 31,850,000 |
| UAC5 | Provision of New School Places (Basic Needs) Co | 752,304 | | | | 752,304 | 752,304 | | 30,000 | | | | 752,304 |
| 2724 | Basic Needs Projects (formerly Additional School | 62,106 | | | | 62,106 | 62,106 | | | | | | 62,106 |
| 2906 | School Expansion SEN Projects | 300,000 | 700,000 | | | 1,000,000 | 1,000,000 | | | | | | 1,000,000 |
| 2909 | School Expansion Minor Projects | 350,000 | 650,000 | | | 1,000,000 | 1,000,000 | | | | | | 1,000,000 |
| Skills, Learning & Enterprise | | | | | | | | | | | | | |
| 2723 | Advanced Skills Centre | 3,343,671 | 22,585 | | | 3,366,256 | | | | | 3,366,256 | | 3,366,256 |
| Total For Children's Services | | | | | | 121,174,384 | 116,982,194 | | 825,934 | | 3,366,256 | | 121,174,384 |

| Project No. | Project Name | Budget 2012/13 | Budget 2013/14 | Budget 2014/15 | Budget 2015/16 | Total | External Funding | MRA | Section 106 | HRA/GRF Revenue & Reserves | Total Borrowing Capital Receipts | Total |
|--|--|------------------|------------------|----------------|----------------|-------------------|------------------|----------------|----------------|----------------------------|----------------------------------|-------------------|
| Housing and Environment | | | | | | | | | | | | |
| Miscellaneous | | | | | | | | | | | | |
| 2911 | Quaker Burial Ground | 7,500 | 52,500 | | | 60,000 | | | 30,000 | | 30,000 | 60,000 |
| 2912 | Barking Park Tennis Project | 150,000 | | | | 150,000 | 130,000 | | | | 20,000 | 150,000 |
| Non-HRA Housing | | | | | | | | | | | | |
| 106 | Private Sector Households | 1,054,112 | | | | 1,054,112 | 797,112 | | | | 257,000 | 1,054,112 |
| 105 | Private Sector Households (105) | 230,093 | | | | 230,093 | 230,093 | | | | | 230,093 |
| 2570 | Housing Modernisation Programme | 32,099 | | | | 32,099 | | | | | 32,099 | 32,099 |
| Environment & Enforcement | | | | | | | | | | | | |
| 2288 | Land Quality Inspection Programme | 19,626 | | | | 19,626 | | | | | 19,626 | 19,626 |
| 2764 | Street Light Replacing | 1,185,514 | | | | 1,185,514 | | | | | 1,185,514 | 1,185,514 |
| 2777 | SNAPS | 46,645 | | | | 46,645 | | | | | 46,645 | 46,645 |
| 2873 | Environmental Improvements and Enhancements | 167,670 | | | | 167,670 | | | | | 167,670 | 167,670 |
| 2894 | Road Safety Impv Sch Year 2 (TFL) | 96,000 | | | | 96,000 | 96,000 | | | | | 96,000 |
| 2887 | Frizlands Wkshp Major Wks | 175,011 | | | | 175,011 | | | | | 175,011 | 175,011 |
| 2886 | Parking Strategy Imp | 8,583 | | | | 8,583 | | | | | 8,583 | 8,583 |
| 2907 | Leys Road Reconstruction 12-13 | 215,000 | | | | 215,000 | | 100,931 | 114,069 | | | 215,000 |
| 2908 | Brown Wheeled Bins Recycling | 1,123,237 | | | | 1,123,237 | | 100,000 | | | 1,123,237 | 1,123,237 |
| 2948 | Abbey Green- Churchyard Wall | 100,000 | | | | 100,000 | | 100,000 | | | | 100,000 |
| 2930 | Highways Improvement Programme | 3,000,000 | 3,000,000 | | | 6,000,000 | | | | | 6,000,000 | 6,000,000 |
| PGSS | | | | | | | | | | | | |
| 2421 | Staff Costs 12/14 | 38,500 | | | | 38,500 | | | | | 38,500 | 38,500 |
| 2423 | Pontfield Park | 8,321 | | | | 8,321 | | | 8,321 | | 77,000 | 83,321 |
| 2567 | Abbey Green Park Development | 22,205 | | | | 22,205 | | | 22,205 | | | 22,205 |
| 2604 | Valence Park Improvements | 15,376 | | | | 15,376 | | | 15,376 | | | 15,376 |
| 2326 | BTC Public Art Project | 5,458 | | | | 5,458 | | | 5,458 | | | 5,458 |
| 2817 | Maysbrook Park Improvements (Phase 1) | 100,369 | | | | 100,369 | 100,369 | | | | | 100,369 |
| 2879 | Barking Park Light Railway & Rowing Boat Equipmt | 24,646 | | | | 24,646 | | | | | 52,743 | 77,392 |
| 2925 | Adizone Project 12-13 | 310,000 | | | | 310,000 | | | | 310,000 | | 620,000 |
| Total For Housing & Environment | | 8,135,965 | 3,119,097 | | | 11,255,062 | 1,353,574 | 282,290 | 424,069 | 3,195,129 | 6,000,000 | 11,255,062 |

| Project No. | Project Name | Budget 2012/13 | Budget 2013/14 | Budget 2014/15 | Budget 2015/16 | Total | External Funding | MRA | Section 106 | HRA/GRF Revenue & Reserves | Total Borrowing Capital Receipts | Total |
|---------------------------------|--|-------------------|-------------------|-------------------|------------------|--------------------|--------------------|-----|------------------|----------------------------|----------------------------------|--------------------|
| Resources | | | | | | | | | | | | |
| Asset Strategy | | | | | | | | | | | | |
| UAC6 | Local Implementation Plan (LIP2) | | 2,130,000 | 1,892,000 | | 4,022,000 | 4,022,000 | | | | | 4,022,000 |
| 2741 | L8 Control of Legionella Remedial Works | 250,000 | 97,898 | | | 347,898 | 97,898 | | | | 202,102 | 347,898 |
| 2578 | Asbestos (Public Buildings) | 53,993 | | | | 53,993 | | | | | 30,000 | 53,993 |
| 2771 | Automatic Meter Reading Equipment | 24,982 | 70,000 | | | 94,982 | | | | | 94,982 | 94,982 |
| 2542 | Backlog Capital Improvements | 670,000 | 391,451 | | | 1,061,451 | | | | | 670,000 | 1,061,451 |
| 2565 | Implement Corporate Accommodation Strategy | 1,001,417 | | | | 1,001,417 | | | 195,000 | | 806,417 | 1,001,417 |
| UAC7 | Corporate Accommodation Strategy | | 1,559,120 | | | 1,559,120 | | | | | 1,559,120 | 1,559,120 |
| 2458 | New Dagenham Library & One Stop Shop | 89,657 | | | | 89,657 | | | | | 89,657 | 89,657 |
| 2587 | Energy Efficiency Programme | 280,000 | | | | 280,000 | | | | | | 280,000 |
| UAC8 | Asset Management Plans (All Directorate) | | 1,000,000 | 1,000,000 | | 2,000,000 | | | | | 2,000,000 | 2,000,000 |
| ICT | | | | | | | | | | | | |
| 2623 | Microsoft Enterprise Agreement | 88,794 | | | | 88,794 | | | | | 88,794 | 88,794 |
| 2738 | Modernisation & Improvement Capital Fund | 2,524,051 | | | | 2,524,051 | | | | 1,000,000 | 2,524,051 | 2,524,051 |
| 2877 | Oracle R12 Joint Services | 3,493,770 | | | | 3,493,770 | | | | | 2,493,770 | 3,493,770 |
| Regeneration | | | | | | | | | | | | |
| 2586 | Legl Business Centres | 340,933 | 234,370 | | | 575,303 | 512,267 | | 63,036 | | | 575,303 |
| 2775 | BTC Public Realm - Tso & Abbey | 30,186 | | | | 30,186 | | | 30,186 | | | 30,186 |
| 2821 | Shopping Parade Enhancements | 341,904 | | | | 341,904 | 192,000 | | 29,904 | | 120,000 | 341,904 |
| 2625 | Thames View Regen Initiative | 25,247 | | | | 25,247 | | | 25,247 | | | 25,247 |
| 2819 | London Road/North Street Site Acquisitions | 886,947 | | | | 886,947 | | | | | 886,947 | 886,947 |
| 2831 | Barking Station Forecourt - Phase 2 | 240,816 | | | | 240,816 | 55,369 | | 120,000 | 65,447 | | 240,816 |
| 2840 | Car Club Expansion (TFL) | 5,760 | | | | 5,760 | 5,760 | | | | | 5,760 |
| 2841 | Biking Borough Initiative (TFL) | 115,200 | | | | 115,200 | 115,200 | | | | | 115,200 |
| 2854 | Improvements to the rear of The Mall, Dagenham | | | | | | | | | | | |
| 2854 | Heathway | 173,002 | | | | 173,002 | 83,002 | | | | 90,000 | 173,002 |
| 2901 | Creekmouth Arts & Heritage Trail | 50,000 | | | | 50,000 | | | | | | 50,000 |
| 2902 | Short Blue Place (New Market Square Barkin - Ph | 1,088,497 | | | | 1,088,497 | 1,000,000 | | 70,812 | 17,685 | | 1,088,497 |
| 2890 | Principal Road Resurfacing (TFL) | 473,280 | 450,000 | | | 923,280 | 923,280 | | | | | 923,280 |
| 2891 | Merry Fiddlers Jnd Imp Year 2 (TFL) | 441,600 | | | | 441,600 | 441,600 | | | | | 441,600 |
| 2892 | Cycling Greenways Year 2 (TFL) | 96,000 | | | | 96,000 | | | | | | 96,000 |
| 2893 | Thames Road Corridor Improvement Scheme (TF | 240,000 | | | | 240,000 | 240,000 | | | | | 240,000 |
| 2895 | Chadwell Heath Station Impx (TFL) | 288,000 | | | | 288,000 | 288,000 | | | | | 288,000 |
| 2896 | Dagenham Heathway & Bcon - Low Carbon Zone | 48,000 | | | | 48,000 | 48,000 | | | | | 48,000 |
| 2897 | Smarter Travel Plans (TFL) | 201,600 | | | | 201,600 | 201,600 | | | | | 201,600 |
| 2898 | Local Transport Plans (TFL) | 96,000 | | | | 96,000 | 96,000 | | | | | 96,000 |
| 2899 | River Roding Cycle Link (TFL) | 240,000 | | | | 240,000 | 240,000 | | | | | 240,000 |
| 2910 | Barking Stn Parade Assessment | 60,000 | | | | 60,000 | 60,000 | | | | | 60,000 |
| 2914 | Barking Job Shop Relocation | 228,863 | | | | 228,863 | 228,863 | | | | | 228,863 |
| 2926 | Outer London Fund Round 2 | 290,000 | | | | 290,000 | 290,000 | | | | | 290,000 |
| 2927 | Chequers/Abbey Road Public Realm Improvement | 430,871 | | | | 430,871 | | | 430,871 | | | 430,871 |
| 2928 | Captain Cook Site Acquisition and Public Realm V | 819,795 | | | | 819,795 | 89,795 | | 730,000 | | | 819,795 |
| UAC9 | Capitalisation of Redundancies | | 3,000,000 | 3,000,000 | | 6,000,000 | | | | | 6,000,000 | 6,000,000 |
| Total For Resources | | 15,739,166 | 8,932,839 | 5,892,000 | | 30,564,005 | 9,656,634 | | 1,500,056 | 1,278,132 | 17,227,080 | 30,564,005 |
| Grand Total General Fund | | 67,587,321 | 74,578,521 | 32,017,000 | 5,475,000 | 179,657,842 | 130,461,228 | | 3,071,588 | 1,802,201 | 25,227,044 | 179,657,842 |

| Project No. | Project Name | Budget 2012/13 | Budget 2013/14 | Budget 2014/15 | Budget 2015/16 | Total | External Funding | MRA | Section 106 | HRA/GRF Revenue & Reserves | Total Borrowing | Capital Receipts | Total |
|-------------|---|----------------|----------------|----------------|----------------|-------------|------------------|-----|-------------|----------------------------|-----------------|------------------|-------|
| HRA | | | | | | | | | | | | | |
| UAC11 | HRA - Business Plan Contingency | 4,101,635 | 36,724,272 | 74,090,000 | 45,620,000 | 160,535,907 | | | | | | | |
| UAC10 | Boroughwide Estate Renewal - Decants and Leas | | 6,670,018 | | | 6,670,018 | | | | | | | |
| 100 | HRA Disabled Adaptations | | 600,000 | | | 600,000 | | | | | | | |
| 104 | Housing Futures | 1,469,175 | | | | 1,469,175 | | | | | | | |
| 2734 | SAMS formerly remote concierge | 70,000 | | | | 70,000 | | | | | | | |
| 2637 | DH works Framework contracts | 5,000 | | | | 5,000 | | | | | | | |
| 2640 | MAJOR WORKS (ENTERPRISE) PROJ. | 1,000,000 | | | | 1,000,000 | | | | | | | |
| 2641 | Heating works (Thaxted, Maxey & Humphries Hou | 65,000 | | | | 65,000 | | | | | | | |
| 2645 | Planning and Contingencies | 750,000 | 1,750,000 | | | 2,500,000 | | | | | | | |
| 2727 | CHP Programme | 24,425 | | | | 24,425 | | | | | | | |
| 2728 | Electrical Switchgear Project | 270,546 | | | | 270,546 | | | | | | | |
| 2822 | Communal Lighting and Electrical Switchgear | 510,305 | | | | 510,305 | | | | | | | |
| 2726 | External Enveloping Work | 251,244 | | | | 251,244 | | | | | | | |
| 2730 | Sheltered Alarms Upgrade | 10,662 | | | | 10,662 | | | | | | | |
| 2731 | Coine & Mersea Blocks | 1,344,215 | | | | 1,344,215 | | | | | | | |
| 2811 | Capitalised Improvement Works | 147,014 | 224,000 | | | 371,014 | | | | | | | |
| 2813 | Estate Improvement Project | 900,000 | | | | 900,000 | | | | | | | |
| | Boroughwide Estate Renewal - Gascoigne | | | | | | | | | | | | |
| 2820 | Decants | 485,000 | | | | 485,000 | | | | | | | |
| 2824 | Oldmead & Bartlett Remedial Works | 103,071 | | | | 103,071 | | | | | | | |
| 2828 | Boroughwide Estate Renewal - Leys Decants | 255,000 | | | | 255,000 | | | | | | | |
| 2829 | Goresbrook Village Decants | 560,000 | | | | 560,000 | | | | | | | |
| 2844 | Door Entry Project 11/13 | 1,533,050 | | | | 1,533,050 | | | | | | | |
| 2845 | External Enveloping & Fire proofing project | 2,453,705 | | | | 2,453,705 | | | | | | | |
| 2846 | Defective Overflow Works | 14,894 | | | | 14,894 | | | | | | | |
| 2847 | Central Heating Installation inc. Communal Boiler | 1,871,173 | | | | 1,871,173 | | | | | | | |
| 2848 | Kitchen & Bathroom Replacement Project | 1,675,533 | | | | 1,675,533 | | | | | | | |
| 2849 | High Rise Surveys | 250,000 | 746,710 | | | 996,710 | | | | | | | |
| 2850 | Capitalised Improvement works (Estates) | 250,000 | 250,000 | | | 500,000 | | | | | | | |
| 2853 | Estate Improvements | 684,206 | | | | 684,206 | | | | | | | |
| 2852 | Adaptations - Housing | 128,665 | 200,000 | | | 328,665 | | | | | | | |

| Project No. | Project Name | Budget 2012/13 | Budget 2013/14 | Budget 2014/15 | Budget 2015/16 | Total | External Funding | MRA | Section 106 | HRA/GRF Revenue & Reserves | Total Borrowing | Capital Receipts | Total |
|--------------------------------|---|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|------------------|----------------------------|-------------------|-------------------|--------------------|
| 2856 | Leaseholders Buybacks (all) | 8,685,151 | | | | 8,685,151 | | | | | | | |
| 2857 | Resources/Masterplanning (all) | 713,227 | | | | 713,227 | | | | | | | |
| 2858 | Demolition (all) | 1,652,730 | | | | 1,652,730 | | | | | | | |
| 2880 | Central Heating Installation Phase 2 | 100,529 | | | | 100,529 | | | | | | | |
| 2881 | Kitchen, Bathroom, Central Heating and Rewire | 1,883,564 | | | | 1,883,564 | | | | | | | |
| 2882 | Electrical Rewiring | 325,671 | | | | 325,671 | | | | | | | |
| 2933 | Voids 12-14 | 100,000 | 4,900,000 | | | 5,000,000 | | | | | | | |
| 2972 | King William St Otr | 80,000 | | | | 80,000 | | | | | | | |
| 2773 | Council Housing & Thames | 1,400,000 | | | | 1,400,000 | | | | | | | |
| 2757 | Council Housing - New Builds | 236,612 | | | | 236,612 | | | | | | | |
| 2823 | New Council Housing Phase 3 | 1,569,000 | | | | 1,569,000 | | | | | | | |
| 2931 | Leys New Build Dev (HRA) | 500,000 | | | | 500,000 | | | | | | | |
| 2915 | Estate Renewal Althorne Way | 55,000 | | | | 55,000 | | | | | | | |
| 2916 | Lawns & Wood Lane Dvlpmt | 300,000 | | | | 300,000 | | | | | | | |
| 2917 | Abbey Road C/Q | 500,000 | | | | 500,000 | | | | | | | |
| 2934 | Roof Replacement Project | 260,000 | 7,740,000 | | | 8,000,000 | | | | | | | |
| 2935 | Internal Works Multiple Einmts | 100,000 | 4,900,000 | | | 5,000,000 | | | | | | | |
| 2936 | Rewiring (incl Smoke Alarms) | | 1,000,000 | | | 1,000,000 | | | | | | | |
| 2937 | CCTV/SAMS Phase 2 | 15,000 | 735,000 | | | 750,000 | | | | | | | |
| 2938 | Fire Safety Works | 150,000 | 850,000 | | | 1,000,000 | | | | | | | |
| 2939 | Adaptations - Housing 2012/13 | 100,000 | 700,000 | | | 800,000 | | | | | | | |
| 2940 | Estate Improvement (Amenity Green) 12/13 | 50,000 | 950,000 | | | 1,000,000 | | | | | | | |
| 2941 | Renewables (PVs) & CESP's additional External E | 100,000 | 1,900,000 | | | 2,000,000 | | | | | | | |
| 2942 | Travellers Site Refurbishment | 50,000 | 140,000 | | | 190,000 | | | | | | | |
| 2943 | Asbestos Removal (Communal Areas only) | 30,000 | 970,000 | | | 1,000,000 | | | | | | | |
| 2944 | R& M Set up Costs | 2,000,000 | | | | 2,000,000 | | | | | | | |
| 2946 | Older Persons Housing Strategy Phase 1 | | 500,000 | | | 500,000 | | | | | | | |
| 2947 | Painting Programme 12-14 | 500,000 | | | | 500,000 | | | | | | | |
| 2945 | Street Properties Acquisition | 500,000 | 2,000,000 | | | 2,500,000 | | | | | | | |
| 2949 | External Enveloping incl. Walkways Phase II | 100,000 | 4,900,000 | | | 5,000,000 | | | | | | | |
| 2950 | Central Heating Installation Inc. Communal Boiler | 60,000 | 2,940,000 | | | 3,000,000 | | | | | | | |
| 2951 | Electrical Switchgear Inc. Communal & Emergency | 50,000 | 950,000 | | | 1,000,000 | | | | | | | |
| | HRA:TBF To Be Funded By | | | | | | 58,300,000 | 10,600,000 | 100,000 | 152,710,000 | 17,600,000 | 6,990,000 | 246,300,000 |
| Grand Total HRA | | 43,350,000 | 83,240,000 | 74,090,000 | 45,620,000 | 246,300,000 | 58,300,000 | 10,600,000 | 100,000 | 152,710,000 | 17,600,000 | 6,990,000 | 246,300,000 |
| TOTAL CAPITAL PROGRAMME | | 110,937,321 | 157,818,521 | 106,107,000 | 51,095,000 | 425,957,842 | 188,761,228 | 10,600,000 | 3,171,588 | 154,512,201 | 42,827,044 | 26,085,781 | 425,957,842 |

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2013/14 Budget Consultation – Summary of Submissions and Responses

Contact Officer: Paul Bates, GM Marketing & Communications
Paul.bates@lbbd.gov.uk

Appendix XX

Responses to Budget Challenge Consultation

1. General Comments on Budget Issues – not related to individual savings proposals

| Source | Generic Comments by Respondee | Summary of Response |
|---------------|---|--|
| Staff Member | Staffing levels at the One Stop Shop | <p>Delays have now been reduced following management intervention on renewal of CPZ forms.</p> <p>Greater levels of automation will be introduced – the CEx has asked that PDQ machines be used in the One Stop Shops to reduce delays.</p> |
| Staff Member | Heating in the Town Hall and Council buildings. | <p>Asset management team are monitoring this and actively working to reduce heating out of hours where it is not needed and at weekends.</p> <p>Some of the heating systems in large buildings such as the Civic are such that by turning them down and up again as the weather dictates would end up costing the Council more. These are often older systems that are not necessarily easy or efficient to quickly adapt to changes in the weather.</p> <p>Where we can do this – we are and this is programmed in as part of our savings in capital spend.</p> |
| Staff Member | Charge for drive-ways and dropped kerbs | Not an option for charging at the current time. |

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| Staff Member | Use online forms for renewing parking permits | A project is ongoing within the Parking service at the moment which will look at automating this and driving this online. |
| Staff Member | Move the capital delivery team to Pondfield House to free up space at Roycraft House | <p>We have not been specifically looking at the co-location of these services.</p> <p>The capital delivery team provides services to all council directorates and is based within the Resources Directorate. There are no current proposals to co-locate this team with the housing repairs service.</p> <p>We are however looking at the overall housing requirement in respect of asset management as we continue to develop our business plan for the future. It will be vital that repairs and capital delivery work closely to ensure we deliver a timely, effective and well integrated capital and revenue service.</p> |
| Staff Member | Expand home and remote working and expand hot-desking Improve home working technology | The current council IT systems does enable a significant amount of potential home working to take place. The Citrix remote working solution allows most users to access their applications, e-mails and data from any pc, including PCs at home. The licensing and infrastructure allows up to 1000 users to work from home using this approach, with those users with laptops (circa |

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| | | <p>500) also being licensed to work from home. The network connectivity was also upgraded during the Olympics to enable up to 1000 users to connect into the council network from home.</p> <p>The telephony solution will allow users' extensions to be diverted to mobiles or home numbers to facilitate this. Teleconferencing facilities are also currently available, although underused.</p> <p>In order to facilitate more home working, the HR policies to enable this will need to be explored in more detail, as well as the management approach to delegate and monitor work done remotely. Not all staff will be able to work from home due to their job roles, but those that can will need to be supported by an effective management framework.</p> <p>ICT is also exploring additional technologies that will facilitate improved mobility and home working for staff, including;</p> <ul style="list-style-type: none">- A desktop IT solution, which enables the user to use an LBBB 'desktop' on any PC anywhere which looks exactly like the desktop solution used in the office. (subject to business case); |
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| | | <ul style="list-style-type: none"> - Further implementation of teleconference phones in meeting rooms, with additional licensing for more teleconferencing capability (subject to business case); - Instant messaging and online video conferencing for all council users to support improved collaboration; - Improved Wifi in council buildings to enable flexible and mobile working with council and personal devices (subject to business case); - BYOD (Bring your own device) solution enabling council systems to be accessed on personal devices (i.e. SmartPhone, tablets, iPads, laptops) – subject to council policy. |
| <p>Staff Members</p> <p>-Via CEX Feedback Forum 1 and 2</p> | <p>Enforce a council-wide pay cut for all staff of 1%</p> <p>Insist some staff go part-time and/or 3 day week.</p> | <p>Highly unlikely to get Trade Union or workforce agreement to such a measure, so would require imposition, which would damage industrial relations at a time when staff morale is key as the Council manages change.</p> |
| <p>Staff Member</p> | <p>Require all staff to take 3 days unpaid leave each year</p> | <p>As above.</p> <p>Additionally, such a measure would not necessarily deliver savings long-term. Staff would have to deliver services to residents who need them regardless of the requirement to have 3 days unpaid leave. This would place</p> |

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| Staff Member | Managers should be engaging teams more proactively in money saving ideas | pressures on a reducing workforce. Managers are being actively encouraged to do this – and indeed the ‘Budget Challenge’ process is giving staff (and residents and other stakeholders) the opportunity to feed in suggestions and have them quickly responded to by senior managers. |
| Staff Member | Use alternative fuels in our agricultural vehicles (such as red diesel) | This is already being auctioned and this comment has helped encourage the Council in this area. Red diesel is being used from the end of October 2012 to help save money and increase environmentally friendly running of vehicles. Based on a current white diesel rate of £1.14 per litre and a red diesel rate of £0.66 per litre the saving on a yearly usage of 98717 litres is £47,385.00. With sixth months of the year remaining this has the potential to deliver a saving of £23,693 in financial year 2012/13. |
| Staff Member | Withdraw mobile phones from staff working in parks etc. and revert back to use of walkie-talkies. | Not deemed appropriate nor would achieve significant savings in terms of working practices (there may be a saving on reducing phone costs but costs would increase elsewhere). |
| Staff Member | Withdraw safety kit and give plain overalls instead. | This would be a move which could impact on individual officers’ health and safety and is not advised. |

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| Staff Member | Use local companies to sponsor parks so they can pay for maintenance. | The Marketing & Communications team are shortly taking a brand new income generation strategy to Members. While sponsorship of parks is not a current aspect of the project, a wider income generation programme of sponsorship of our fleet of vehicles, lamp-post banners, bus shelters and larger poster sites will bring in more income than previous years and will help towards the Council's bottom line. |
| Staff Member | Withdraw use of council sports pitches and increase charges for those we have to retain. | Not being considered. |
| Staff Member | Introduce a nominal charge for individual requests to remove grass and glass. | |
| Staff Member | Privatise the pest control service | Not being considered at this time. |
| Staff Member | Remove spot-lights in the revolving doors at the Civic Centre | Lighting the revolving door space and floor area is essential to maintain safety for the various people using this entrance. Asset management team would have reservations about turning these off unless sensors are put in place to ensure sufficient lighting levels are retained at all times. The under desk lighting can be turned off but it will result in lowering the lighting level directly in front of the desk and also remove the back lighting from the Council Crest and hence make it less prominent. |

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| Staff Member | Remove spot-lights at the Town Hall (Barking) reception area. | <p>The reason for the lighting on either side of the green bridge as opposed to in the centre is due to it being made of glass. The lights are fibre optics. Asset management believes these have degraded over time.</p> <p>A test was carried out on the wall behind the reception, turning it completely off resulted in a very dark area. The wall is lit by T5 fluorescent tubes, which are already fairly energy efficient but more tubes could be taken out to reduce the amount of lighting. However, please note that the wall had been designed to use all the tubes currently in use and partially lighting it will cause a patchy effect and hence will not be very aesthetically pleasing.</p> <p>The under desk lighting is the same for the Town Hall as for the Civic.</p> |
| Staff Member | <p>What is the position regarding leases of Council buildings? What is the position regarding Stour Road?</p> | <p>The essence of the proposal is to review the use of the following buildings –</p> <p>Bridge House – lease expires March 2014</p> <p>Crown House – lease expires June 2014</p> <p>Maritime House – lease expires July 2015</p> |

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| | | <p>2 Stour Road – to be vacated/ closed by 04/14</p> <p>90 Stour Road – to be vacated/closed by 04/14</p> <p>At the current time Stour Road acts as the Council's emergency Contact Centre should Roycraft House be in any way compromised. The most recent example of Stour Road having to be used in this way was earlier this month after a flood in Roycraft House.</p> <p>To continue to operate, the Contact Centre does require a practical business continuity site.</p> <p>Should the proposal to close Stour Road be accepted, the identification of an alternative suitable venue will be essential.</p> |
| <p>Staff Member</p> | <p>Prevent staff from charging personal mobile phones and devices on their desks at work.</p> | <p>Many of the phones being charged in the offices will be Council mobiles and when not charging a phone the units use close to 0w.</p> <p>The electrical charging rate of a mobile from a socket ranges between circa 300mA – 1800mA making the average about 1 amp. In terms of power use 1 amp equates to circa 230 Watts so charging a 1000mA phone for 1 hour would use 0.23kWh of electricity.</p> <p>The current day tariff for electricity at the Town Hall is £0.05976 per kWh so the cost of</p> |

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| | | <p>charging (for example) one mobile phone for 1 hour would be circa 1.4p. Of course it does all add up so 100 similar phones being charged for 2 hours would cost approximately £2.80 and if this happens for 260 working days of the year it will cost us circa £728.00</p> <p>Unfortunately, trying to differentiate between Council mobiles and personal mobiles will prove difficult and the savings would be minimal so although the intentions of the idea are good the Council does not currently think this is viable in this instance.</p> |
| <p>Staff Member – via CEx Feedback Forum 1</p> | <p>Comment on the need for transparency in budget setting and critique that not all senior managers are briefing their teams as well as they might.</p> | <p>A special Briefing for managers has now been produced on how to run meetings with staff, training on how to have difficult conversations with staff has been signposted and support from HR Business Partners promoted more widely.</p> <p>A “Supporting Staff in Tough Times” leaflet has been produced. This outlines all the training, re-training, support, external help and advice that staff can access as they go through varying stages of the ‘at risk’ process.</p> |
| <p>Staff Member – via CEx Feedback</p> | <p>When and how can we tell service users about budget proposals which could impact on them?</p> | <p>This will depend on the individual service – some service users will need to be informed</p> |

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| <p>Forum 1</p> | | <p>earlier than others. Managers and officers should not be causing undue alarm and distress for service users – senior managers have stressed this point.</p> |
| <p>Staff Member – via CEx Feedback Forum 1</p> | <p>Welcomed the 'Budget Challenge' consultation as being much better than last year: but wanted to know how quickly ideas are responded to and how.</p> | <p>The budget@ibbd.gov.uk email is totally confidential (only 1 member of staff knows who sent individual savings alternatives or questions). Any questions, queries or alternative suggestions are anonymised and sent through to the relevant senior manager for a response. Response times will vary depending on the complexity of the comment or question. This can be done via email or by phone if the staff member concerned does not have access to email. Phone comments are completely confidential.</p> |
| <p>Staff Member – via CEx Feedback Forum 1</p> | <p>Why was a GM post deleted in Environment and then filled using an agency member of staff some time later?</p> | <p>The Chief Executive endeavoured to look into this with the relevant Divisional Director. On occasion, if there is a very pressing business or service need, it will be necessary to bring in external help for a limited period. This only happens if there is no one with the</p> |

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| | | <p>relevant skills in the Council's employ.</p> <p>The Chief Executive will be looking into senior management structures in the New Year in any event.</p> |
| <p>Staff Member – via CEx Feedback Forum 1</p> | <p>How much Council Tax is uncollected and could we not reduce the amount we have to save by increasing collection levels.</p> | <p>Historically our collection levels have been lower than they should be, but they are now on a steady increase.</p> <p>For the last full financial year for which we have rates of collection, 94% of CT is being collected.</p> <p>It is the case that the more CT is collected, the better our funding position will be. That's why the Council has tasked Elevate with making improvements in this area.</p> |
| <p>Staff Member – via CEx Feedback Forum 1</p> | <p>When does the 'Budget Challenge' consultation period end?</p> | <p>The consultation on our budget proposals finishes on November 30th.</p> <p>It's important to differentiate between that consultation on our budget proposals for 2013/14 and the consultation process which will take place with staff who are potentially impacted by budget proposals should they be agreed by Cabinet. These are two distinct consultations.</p> |

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| <p>Staff Member - via CEX Feedback Forum 1</p> | <p>How will staff be told of the decisions Members make?</p> | <p>There will be appropriate internal and external communications throughout the budget consultation process.</p> <p>Once Members reach decisions, these will be communicated across the authority.</p> <p>Managers will have a key role to play in briefing teams properly and they will be getting the information they need to enable them to do this.</p> |
| <p>Staff Member via CEX Feedback Forum 2</p> | <p>The levels of cuts could lead to BNP sympathies.</p> | <p>The CEX response did not address matters of party politics, but acknowledged the impact of cuts.</p> |
| <p>Staff member – via CEX Feedback Forum 2</p> | <p>The Census shows we have a rapidly growing population – are we lobbying for more cash?</p> | <p>Yes. The Deputy Leader liaises with CLG and the Treasury regularly (as the new funding on school places shows).</p> <p>A new letter to Eric Pickles is being drafted w/c 3 December asking for funding to be reviewed in light of Census 2011 data.</p> |
| <p>Staff Member – via CEX Feedback Forum 2</p> | <p>Why not increase Council Tax? I would be prepared to pay more.</p> | <p>Members have made a manifesto commitment.</p> <p>Increasing CT would hit the poorest more – especially as a result of the changes to CT being introduced by the Govt.</p> |
| <p>Staff Member</p> | <p>Why share services with Thurrock? Why not neighbouring</p> | <p>We already share a legal service and a CEX,</p> |

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| <p>– via CEX Feedback Forum 2</p> | <p>boroughs?</p> | <p>so there is logic in trying to extend this further. Members will review the proposals at Council Assembly in Thurrock and LBBD.</p> |
| <p>Resident – via email Via Leader’s Question Time</p> | <p>Reduce the number of councillors.</p> | <p>The Leader wrote to the Boundary Commission for England last year asking for advice on whether LBBD could do this as part of a review into our local democracy. BCfE responded and confirmed their view that B&D was not over-represented in terms of councillors and that there should be no change (in contrast with LB of Tower Hamlets where a review is being imposed by BCfE).</p> |
| <p>Resident – via email</p> | <p>Reduce expenditure on translation costs.</p> | <p>The Council has significantly reduced costs on translation over the last two years. The amount spent has reduced markedly to just 2k in the last financial year. At the Deputy Leader’s Question Time held on 22 November, Cllr. Gill made clear the Council’s view that new residents to the borough should and could learn English. Not only is this right in terms of cohesion, but the job prospects of the individual would be significantly enhanced.</p> |
| <p>Resident – Via email</p> | <p>One female resident was concerned about potential cuts to older people’s services, such as swimming.</p> | <p>No proposals exist – the budget for older people’s services is being transferred to the Public Health grant to protect services which Members see as a top priority.</p> |
| <p>Resident –</p> | <p>Concerned that schools and early intervention groups must</p> | <p>Resident plans to attend LQT and wishes to</p> |

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| via email | work alongside each other to minimise the risk of ASB. Concerned that cut-backs might lead to an increase in ASB across the borough if children have less and less to do. | put her question there, rather than get a written response. |
| Also raised at Leader's Question Time | | Cllr. Smith raised the need for the Council to take difficult decisions on ASB – services such as this would be better placed being provided by the Police. |
| Resident – via Facebook | Ban parking everywhere! | Not appropriate – residents and visitors to the borough do need to park their cars. |
| Resident – via email | Introduce CPZs to increase income, especially in Chadwell Heath, which is used as a car park for commuters. | The Council does review CPZs as and when to promote responsible parking. The Council would never introduce CPZs as a means of increasing income. |
| Resident – via letter | Scrap consultants working in the Chief Executive's department | Parking officers will review parking at Chadwell Heath and assess whether a further consultation is required. |
| Also raised at Leader's Question Time | | The CEx Unit will be reducing costs very significantly by sharing services where we can and by reducing head-count. Consultant numbers have reduced very significantly over the last 2/3 years – Cllr. Smith pointed out that where specific projects need to be completed, consultants will occasionally be engaged, but this is very much an exception. |

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| <p>Resident – via letter</p> <p>Also raised at Leader’s Question Time</p> | <p>Reduce salaries for senior managers, especially the CEx</p> | <p>LBBd has the lowest salary of any CEx in London and indeed, we are the only Council in the capital that shares a CEx with a non-London borough.</p> <p>Salaries of senior managers have been frozen, while their numbers have been cut.</p> <p>More proposals on cutting senior managers will be brought before Members in the New Year, including as part of a potential shared management model with other authorities.</p> |
| <p>Resident – via letter</p> <p>Also raised at Leader’s Question Time</p> | <p>Agrees with proposal to reduce Council headcount by c400 (as reported in the ‘B&D Post’)</p> | <p>The Council will be reducing the numbers of staff working for it – as many other authorities do.</p> <p>We will have to continue to deliver services for people in the borough however, so the balance must be struck between reducing the numbers of employees where we can and making sure our front-line services are as good as possible.</p> <p>The CEx has made clear that he is keen for staff to develop their ‘transferable skills’ as a means for potentially displaced staff to increase their future career prospects – either inside or outside the organisation.</p> |
| <p>Resident – via Deputy Leader’s Question Time</p> | <p>Reduce the number of pot-holes and speed-bumps</p> | <p>The Council (Cllr. McCarthy) has recently launched a high-profile campaign called ‘Save Our Streets’ calling on central Govt to invest more money in the borough’s roads.</p> |

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| | | £5 million will be spent in the coming months, but this will not be enough, hence the pressure which Cllr. McCarthy and ward councillors hope to bring to bear. |
| Resident – via Leader and Deputy Leader’s Question Time | Reduce the number of senior managers | As above |
| Resident – via Deputy Leader’s Question Time | Translation costs | As above |
| Resident – via Deputy Leader’s Question Time | Why do we make payments to election staff (e.g. the ERO)? | <p>The CEx explained that the payments are made as a result of the individual Electoral Registration Officer bearing responsibility and risk for the good conduct of an election.</p> <p>If there are errors, the impact and risk does not fall on the authority, but falls upon the ERO personally.</p> <p>The rates are governed by electoral law. Some EROs take them, others do not.</p> |
| Resident – via Deputy Leader’s Question Time | Why do we have so many Council buildings? Let’s close the Town Hall and the Civic Centre and have one building. This would save costs. | <p>The Council is looking at reducing the amount of buildings it uses. Staff are being moved increasingly into a smaller number of buildings. As leases expire, the authority will look at the arrangements.</p> |

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| | | <p>The Council owns both buildings referred to – disposal would take time.</p> <p>See response above.</p> |
| <p>Resident – via Leader’s and Deputy Leader’s Question Time</p> | <p>Reduce the number of elected councillors – why so many?</p> | <p>The Leader has written to the Boundary Commission on this matter and they have responded by stating that LBBB does not have too many and that therefore reductions are not appropriate.</p> <p>The number of councillors is not set locally – only the Boundary Commission may judge this matter.</p> |
| <p>Leader’s Question Time</p> | <p>Concerns raised about immigration levels and the impact on local services.</p> | <p>Cllr. Smith discussed the pressures on B&D, not just from immigration from overseas, but also from other local authorities re-locating their housing needs populations into cheaper parts of the capital, such as B&D.</p> |
| <p>Leader’s Question Time</p> | <p>Why can’t we share more services as a council?</p> | <p>Cllr. Smith discussed the shared opportunities with Thurrock following on from the success of sharing a legal services function and CEx.</p> <p>Proposals now underway to share the Youth Offending Team with LB of Havering.</p> <p>Will look at sharing services where it can improve service delivery and achieve savings.</p> |
| <p>Leader’s Question Time</p> | <p>What is the future of the Adult College Music Centre? – it would be a real shame if this was to close.</p> | <p>Cllr. Smith indicated that there are no proposals on the music centre at this time.</p> |

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| | | <p>However, he could not rule out this being looked at in future years, but he was clear this was a well used and well regarded service.</p> |
| <p>Leader's Question Time</p> | <p>Barking Riverside – what is happening here?</p> | <p>Cllr. Smith outlined the issues with delays stemming from Bellway's relative slow progress on site.</p> <p>Cllr. Smith believes Barking Riverside is a great opportunity area.</p> <p>He would look into what section 106 arrangements are in place.</p> |
| <p>Leader's Question Time</p> | <p>Why is the Council in so much debt? What are our reserves? Why are savings requirements so much worse here than in neighbouring boroughs such as Havering and Redbridge?</p> | <p>Cllr. Smith pointed out that the Council is not in debt as many other authorities.</p> <p>Our reserves are £14-15 million – but these can't just be used one off without these reserves being eroded. Using reserves to reduce debt is not wise.</p> <p>B&D is being hit harder than many of the 'leafy' boroughs – Cllr. Smith considers this to be a political decision.</p> |
| <p>Trade Union Response (UNISON, Unite, GMB)</p> | <p>The recognised staff trade unions have written to Graham Farrant (letter dated 29 November) outlining a number of concerns with regard to staff reductions.</p> | <p>A response will be formulated by the CEx and discussed through the EJCC.</p> |

Part Two – Consultation Responses on Specific Budget Proposals (sent to ‘Budget Challenge only)

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| ACS SAV 01 | Community Cohesion and Equalities Team | | |
| Consultee & Channel | Comments | Summary of Response/Action | |
| Resident – via comment on evaluation form for Deputy Leader’s Question Time | Does not see the need for the cohesion team – believes that if young people are given enough to do and jobs, there is no need for a ‘cohesion team’ | Safer & Stronger Select Committee supported this proposal. Member of the public was contacted and asked if she would like a follow up, but declined as she had attended DLQT. | |
| ACS SAV 04 | Reduction in services to drug & alcohol users | No responses logged via ‘Budget Challenge’ | |
| ACS SAV 05 | Youth Offending | | |
| Consultee & Channel | Comments | Summary of Response/Action | |
| Resident – via letter | Concerned that if youth offending service is cut, there will be a wider impact on the community. | Safer & Stronger Select Committee approved of the proposal set out in the pro forma. Members noted the potential joint arrangements with Havering. Cllr. Smith positively commented on LBBD YOS Team – and mentioned the LBHa arrangement. | |
| ACS SAV 06 | Withdraw or reduce the domestic violence service | | |
| Consultee & Channel | Comments | Summary of Response/Action | |
| Stakeholder attending scrutiny committee | Raised a concern at the Scrutiny committee about the expiry of their contract | Safer & Strong Select Committee agreed the proposal as set out in the pro forma (i.e. retaining much of the | |

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| Resident via letter | should the proposal be agreed. | service with costs met by the Public Health grant). |
| ACS SAV 07 | Voluntary Sector Grants | A service will be retained via alternative funding streams (PH grant). |
| Consultee & Channel | Comments | Summary of Response/Action |
| B&D CVS - Via Deputy Leader's QT | B&D CVS lobbied councillors on this saving proposal, including via a special meeting of the CVS where the CEx spoke. The CEO of B&D CVS also asked the Deputy Leader to look again at this at the Deputy Leader's Question Time. | Safer & Stronger Select Committee recommended that the proposed saving be reduced from £120k to £110k. Discussions are ongoing with the CVS about the future shape of support. |
| Resident – via letter | Resident recommended cutting all grants to local organisations arguing that the money should be prioritised elsewhere. | Resident stated she attended Safer & Stronger Select Cttee and heard responses at this meeting. |
| Barking & Dagenham Disability Equality Forum | Letter sent by email – the DEF is concerned that withdrawal of its funding will result in events such as Int'l Day of Disabled People being detrimentally impacted locally. | Letter sent by Anne Bristow on 4 December. Response makes clear the requirement for savings on the council by virtue of Govt spending cuts. Places on record the council's positive view of the DEF. |
| RAMFEL – via letter to Anne Bristow on 30 November | RAMFEL concerns deletion of post(s) serving the BME community. RAMFEL considers that the LBBD CEX | Response to be formulated by ACS. |

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| <p>B&D CVS – via letter to Cllr. Gill on 13 November and also to Anne Bristow on 30 November (copied to Safer & Strong Select Committee members)</p> | <p>skewed the Budget Challenge consultation by stating publicly that the Citizen Advice Bureau and CVS would receive funding.</p> <p>RAMFEL believes cutting funding for equalities fora will impact on cohesion.</p> <p>Argues that the voluntary sector is being unfairly targeted for cuts.</p> <p>Argues that savings accrued from London Councils grants were meant to be ring-fenced for the local CVS, but this has not occurred.</p> <p>A strong CVS is necessary for capacity building of other voluntary sector organisations and their ability to support local people in tough times.</p> <p>Cuts will impact on the ability of CVS to lever in external funding.</p> <p>Proposed cuts will impact on the support CVS can give to local residents and the support that could be gained to the Council in securing savings elsewhere.</p> <p>Proposal would make engagement with ‘heard to reach’ groups more difficult.</p> | <p>Response sent (undated) from Cllr. Gill.</p> <p>Response notes that B&D CVS has supported LBBD’s call for reduced requirement on the Council for the London Councils Grants scheme – this is welcomed.</p> <p>Response notes the previous changes to commissioning budgets in 2012.</p> <p>Response states that ACS/SAV/07 cannot be withdrawn as the spending cannot be sustained owing to HMG budget cuts.</p> |
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| <p>B&D Faith Forum – via letter to Anne Bristow on 30 November (sent by Paula Watson)</p> <p>Sickle Cell/Thalassaemia Support Group BDH (sent by Ms. Shoetan, 29 November)</p> <p>B&D Citizen’s Advice Bureau (letter sent on 29 October by Dennis Riley, Chair of B&DCAB). Letter was sent to Cllr. Mullane, as Chair of the SSSC.</p> | <p>Proposed cuts make a tiny dent on the larger savings requirement.</p> <p>Recognises the budget situation and suggests a cut in grant to the Forum, rather than outright withdrawal of all funding.</p> <p>Concerns about savings proposals generally in terms of impact on the voluntary sector.</p> <p>Wide-ranging concerns about savings proposals on voluntary sector grants.</p> <p>The letter from B&D CAB outlines that while the cuts to voluntary sector organisations are relatively modest when set against the totality of cuts, the impact will be significant.</p> <p>The letter argues that the Council should not be cutting grants to voluntary sector bodies at a time when service pressures are increasing owing to the Government’s welfare reform, legal aid reform and deficit reduction policies – as a corollary, this will result in increased need.</p> | <p>Response sent on 04 December, points out the severe budgetary constraint faced by the authority and specifically highlights B&D Faith Forum’s work.</p> <p>Response sent on 04 December, states that the authority is not making savings by choice. Points out that the new Health & Wellbeing strategy recognises the need to support those with sickle cell disease.</p> <p>Response sent by Cllr. Mullane on 29 November.</p> <p>Letter states:-</p> <p>The approach that we are taking in making the savings is to decommission some services in order to retain as much as we can of the frontline advice provision. This does not mean that the services that we will no longer fund are not valued. It is simply that we cannot afford to carry on providing the full range of services. For this reason, although it is proposed that the advice commission does receive a reduced level of funding, the level of reduction is significantly less than that experienced by most other voluntary sector</p> |
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| | <p>commissions. The amount provided for a Generalist Advice Service over the past three years has been £196,500 per year. It was proposed that this be reduced to £185,000 and that the new service should include the Hate Incident/Crime Reporting and Case Work service. It is hoped that this will enable hate incident reporting to benefit from the multiple locations, and reach of the generalist advice service.</p> <p>/2</p> <p>At the Safer & Stronger Community Select Committee, a recommendation was made to invest the reduction of £10,000 in our contribution to London Councils in the advice services commission. If agreed at Cabinet on the 19th December, it will mean that the contract value of the new commission would be £195,000 for a Generalist Advice and Hate Incident/Crime Reporting and Case Work service.</p> <p>We are looking again at the services to be provided and it seems that there will be some benefit to be gained from bringing together into one commission an even wider range of advice services. With the Community Legal Advice Centre losing such a large part of its funding, other than the Council funding, this approach would enable more flexibility for the delivery of a viable, borough wide service than more, smaller contracts would offer. The tendering process will allow for individual organisations or consortia to</p> |
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| <p>Harmony House – via letter from Maria Kearns, CEx of HH to Corporate Director (21 November)</p> | <p>Letter accepts the council’s difficult funding position. Calls for a cross-sector grants and commissioning group to be established locally. Possible consideration should be given to a trading arm, possibly in the form of a Community Interest Company. Proposals within ACS/SAV/07 will lead to the closure of Silvernet (Elders Forum) and the Hate Crime Service, as well as impacts on commissioned services for Scrattons Farm estate (the project is supporting residents to take on management of the community hall from LBBD). Total loss from Harmony House will be 87k and 4 posts will need to be deleted.</p> | <p>demonstrate their approach to delivering the required outcomes.</p> |
| <p>ACS SAV 09</p> | | |
| <p>Consultee & Channel</p> | | |
| <p>Residents – via numerous channels - Letter</p> | <p>Comments One resident has copied her (handwritten) letter to Sec of State and raised concerns about the heritage of the borough’s</p> | <p>Summary of Responses/Action Consultation is now ongoing with residents and with staff about the future shape of the libraries.</p> |

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| <ul style="list-style-type: none"> - Twitter - Facebook - Deputy Leader's QT - Leader's QT <p>Staff</p> <ul style="list-style-type: none"> - Libraries staff have set out a number of issues about the forward direction of libraries via email to budget@lbbd.gov.uk - Libraries staff attended the CEx Feedback Forums | <p>libraries being lost. Particular praise in one letter re: Valence Library being 'first class'.</p> <p>Significant debate at both DLQT and LQT.</p> | <p>Individual consultation meetings are taking place throughout November and December 2012 in individual libraries.</p> <p>Cllr. Gill addressed this issue in both his Deputy Leader's Question Time and on the Twitter Budget Challenge discussion (#BDBudgetChallenge) held on 22 Nov.</p> <p>Cllr. Smith made clear the consultation on libraries is ongoing and that he would not be keen to see library sites close only to have to look at re-opening them if the economic situation became more favourable.</p> |
| ACS SAV 10 | | |
| Consultee & Channel | | |
| <p>Only one comment on this saving proposal came through to the Budget Challenge, this was from a resident via email.</p> | <p>Resident believes that not everyone with mental health needs is ready or well enough to work. They require ongoing support in their recovery. What support will be made available to these people if you scrap the service that is currently supporting them, as DWP's concentrate on employment and do not offer vocational and social support which is currently being offered</p> | <p>Summary of Responses/Action</p> <p>Divisional Director responded as follows:-</p> <p>The Council does not have a statutory responsibility to provide vocational or support services to people with mental health needs and there are a wide range of other services which exist. However this is not a proposal that the Council would be considering if we were not subject to the austerity measures.</p> <p>When this proposal was discussed at HASSC, the recommendation from Councillors was that the saving</p> |

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| | | <p>achieved should be reduced and re-modelled. If the saving is agreed, then staff in the Council's Job Shops and the 15 community employment outreach services will receive specialist training in supporting people with mental health needs. There are also other supported employment services such as those run by the Shaw Trust for people with mental health needs.</p> <p>DABD has recently been awarded £300,000 to develop volunteering opportunities for disabled people. The current specialist employment service does not currently offer social support – the proposal includes an allocation to support a user led organization to develop social support services of their choice.</p> |
| ACS SAV 20 | Deletion of the Arts Team | |
| Jo Richardson Community School | Widespread concerns about loss of ARC Theatre scheme and impact on local children's arts education. | The Select Committee agreed the saving proposal as set out. |
| Carole Pluckrose - via letter to Cllr. Mullane | As above | |
| Staff members in the YOS | Comments from two staff in the YOS arguing that the work done by ARC has been especially beneficial for vulnerable young girls and/or young parents. | |
| ACS SAV 21 | Deletion of the Events Team | No comments logged into Budget Challenge |
| ACS SAV 32 | Summer's Sorted | No comments logged into Budget Challenge |
| ACS SAV 22 | Broadway Theatre | This proposal was withdrawn for 13/14. |
| ACS SAV 23 | Heritage Education Service | No comments logged into Budget Challenge, |

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| | | | although the Select Committee did ask for a self-financing model to be investigated. |
| ACS SAV 25 | Neighbourhood Crime Reduction Team | | |
| ACS SAV 26 | Anti-social behaviour team | | |
| ACS SAV 27 | CCTV reductions | | |
| Consultee & Channel | Comments | Summary of Responses/Action | |
| Residents <ul style="list-style-type: none"> - Facebook - Twitter - Deputy Leader QT - Email - Leader's QT | <p>A number of comments from concerned residents about the impact of reductions in the services on ASB/CCTV.</p> <p>Concern that crime would spread across the community as a result of the proposal being enacted.</p> <p>Praise for the team – inc. from a female resident on Facebook who complimented the team for assisting her.</p> <p>Resident via Facebook asking what residents would do without the service.</p> <p>Various concerns expressed by staff about proposals to reduce the CCTV service. Includes:-</p> | <p>The Select Committee asked for further work to be done on these proposals.</p> <p>The Select Committee also recommended Cabinet not to enact the CCTV cuts.</p> | |
| Staff <ul style="list-style-type: none"> - Via Budget Challenge email | | | Divisional Director response to staff member:- The savings proposed of £153,000 are those budgets |

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| | <ul style="list-style-type: none"> - Carelline - Lone Worker System - Noise Nuisance Team - Out of Hours service - CCTV in parking enforcement - Increasing income generation - Alleged lack of briefing of staff | <p>within the CCTV Service which are met from the General Fund. It is indeed right that the service generates income from other sources, including Schools, Parking and Housing Revenue Account budgets and that there are functions undertaken within the CCTV service which will have to continue, should monitoring of cameras cease.</p> <p>At the same time work is ongoing within the department to consider options for continuing with monitoring through further income generation and reshaping services and, as these are developed, these options will be put before Cabinet.</p> <p>It is unfortunate that staff members feel there was insufficient discussion with managers about proposals. All staff are being given the opportunity to comment and work has been ongoing since the early proposal was put forward to look at alternative ways of making the savings. In terms of consultation on the proposals a formal process is in place which began on Thursday 15th November.</p> |
| <p>ACS SAV 30 Consultee & Channel</p> <p>B&D Police</p> <ul style="list-style-type: none"> - Letter to Cllr. Smith, Cllr. Alexander and Graham Farrant, with | <p>Cease funding of the parks police Comments</p> <p>Sets out Police position on value of partnership working, takes account of the harsh financial situation in which the Council finds itself and looks to future</p> | <p>Summary of Responses/Action</p> |

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| copy to Anne Bristow and Helen Jenner | partnership approaches. | |
| Leader's QT | Why close this service when it does such a good job for our excellent parks? | Cllr. Smith responded by asking whether the service should not in fact be provided by other agencies (specifically the police). |
| CHS SAV 01 and 22 | Early Years – Changes to the delivery format of phase 3 Children's Centres and Change Focus for a number of Children's Centres so they become education only hubs | |
| Consultee & Channel | Comments | Summary of Responses/Action |
| Residents - Via Twitter | Two residents asked Cllr. Gill about the future of Children's Centres in his #BDBudgetChallenge Q&A online. One young mother asked how she would be able to go out to work if she could not be secure that the Centres are available. | Cllr. Gill responded on need to consult and look at how the provision can be improved. Takes account of the growing population of younger people in the borough. |
| CHS SAV 02 | IYS – Reduction in staff & Commissioning | No comments logged into Budget Challenge |
| CHS SAV 03 | Borough apprenticeships | No comments logged into Budget Challenge |
| CHS SAV 04 | Efficiencies - school improvement | No comments logged into Budget Challenge |
| CHS SAV 05 | School Estates Team | No comments logged into Budget Challenge |
| CHS SAV 06 | Reduction of 100k in education inclusion | No comments logged into Budget Challenge |
| CHS SAV 07 | Reduce capacity in performance, inspection support & commissioning team | No comments logged into Budget Challenge |
| CHS SAV 11 | Reduction in use of independent social | No comments logged into Budget Challenge |

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| CHS SAV 12 | workers (adoption) | No comments logged into Budget Challenge |
| CHS SAV 13 | Reduce court costs in complex needs | No comments logged into Budget Challenge |
| CHS SAV 15 | Reduce staff supporting Common Assessment Framework | No comments logged into Budget Challenge |
| CHS SAV 16 | Reduce service in school estate mgt to statutory minimum | No comments logged into Budget Challenge |
| CHS SAV 17 | Reductions to central attendance team | No comments logged into Budget Challenge |
| CHS SAV 18 | Inclusion services - reductions in SEN (funding to be derived from DSG complex special needs pot) | No comments logged into Budget Challenge |
| CHS SAV 19 | School improvement – reductions in central SEN, only fund from DSG | No comments logged into Budget Challenge |
| CHS SAV 20 | Review 14-19 provision | No comments logged into Budget Challenge |
| CHS SAV 21 | Reduce youth service to statutory minimum | No comments logged into Budget Challenge |
| CHS SAV 21 | Early Years & Childcare – reduce to statutory minimum | No comments logged into Budget Challenge |
| Consultee & Channel | Comments | Response/Action |
| UNISON - Via email (CHS Representative is Sue Gooding) | Wide-ranging concerns over the future of the youth service, especially in regard to reductions to statutory minimum and the concept of utilising the voluntary sector. Comments focus on:- - Reduction in sessions (YouthBus) and re-provision by uniformed voluntary sector; - Proposed reduction to the MALTs - Closure of The Vibe - Harm to Early Intervention Service | Divisional Director (Christine Pryor) has undertaken to discuss the submission with UNISON and other recognised TU reps in January (following 19 th December Cabinet decision). |

| | <p>Alternative suggestions include utilising the Youth Bus for outreach work</p> <p>Comments that Streetbase has been overly cost heavy and the levels of interest among young people demonstrate that it should not be continued.</p> <p>Comments</p> | <p>Summary of Responses/Action</p> |
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| <p>Resident - Via email</p> <p>Select Committee attendance</p> <p>Leader's Question Time</p> | <p>Concern over lack of consultation with Younger People in the borough on various Children's Services savings proposals.</p> <p>Asks why the BAD Youth Forum were not specifically consulted.</p> <p>Resident notifies LBBD that intends to raise this point of concern at the LQT</p> <p>Representative of BAD Youth Forum asked why a specific event was not organised this year for younger people to be consulted on the Budget Challenge?</p> | <p>Younger people did attend the Select Committee and were able to put their concerns.</p> <p>BAD Youth Forum representatives will attend the LQT on 29 November.</p> <p>Cllr. Smith responded that select committees were extremely well attended this year and that BAD Youth Forum – and younger residents – had lot of opportunities to challenge the process and the proposals.</p> <p>Cllr. Smith warmly welcomed the work of the BAD Youth Forum and congratulated the questioner who had attended the LQT.</p> <p>Cllr. Smith undertook to attend a future meeting of the BAD Youth Forum to answer questions on council policy.</p> |

| CEX SAV 01 | Reduce spend on supplies/services in the CEX department | |
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| Consultee & Channel | Comments | Summary of Responses/Action |
| Residents <ul style="list-style-type: none"> - Via email - Via letter - Via Leader's QT | A number of residents wrote in to BC welcoming any reductions in costs in the CEX department. Residents asked that senior salaries in the 'back office' departments be reduced and the number of staff be reduced. | Response to residents featured the potential for shared service. LBBB already shares a CEx and a Head of Legal – looking to replicate this across other services. |
| CEX SAV 02 and 10 | Reduction in Policy & Performance posts/supplies and services | No specific comments logged |
| CEX SAV 05 | Reduction in supplier costs in Marketing & Comms and increased sponsorship & advertising | No specific comments logged |
| CEX SAV 11 | Cease production of 'The News' | |
| Consultee & Channel | Comments | Summary of Responses/Action |
| Residents <ul style="list-style-type: none"> - Via email - Via letter - Via Deputy Leader's Question Time - Via letters to the Barking & Dagenham Post - Via LQT | A mixed response from residents to the proposal. Those in favour argued that the 'News' is not independent and should not be produced at cost to the taxpayer when other forms of media are available and councillors are available also to discuss Council matters with. Other residents – mainly older people – expressed a wish for the 'News' to be retained as it is the one communications | Barking and Dagenham is one of the very few local authorities that still produce a regular newspaper. Only 13 other councils do so. The Secretary of State has made it clear that he believes that local authorities should only produce newsletters 4 or less times per year and he has indicated that he will be taking legislation to Parliament soon to prohibit the production of fortnightly or weekly papers. Consequently, even if this proposal was not put forward this year, it is one we would have to return to in the very near future. The cost of producing 'The News' is about £60,000, |

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| <p>Staff - Counter proposal from staff to produce</p> | <p>channel which goes to all doors and while online channels are increasingly replacing print, not all older people/residents have e-access.</p> <p>One resident wrote asking for a reduction in frequency of the paper, perhaps taking it monthly instead of fortnightly.</p> | <p>once the costs are reconciled against the income the newspaper brings in. Should Members agree to end the production of it, even more effort would need to be put in to building up coverage in local media such as the Barking and Dagenham Post. We would also make continued use of our increasingly popular Facebook and Twitter pages. Of course, not everyone has access to either of these here in the borough, but rapidly increasing numbers of people do so.</p> <p>Much of the content that is reported in 'The News' is also reported in the local media – but local councillors will also have a role in explaining to their constituents about their work and what is happening in the community.</p> <p>In his response at LQT, Cllr. Smith argued that a council newspaper is not something that can be justified when 'front line' jobs are under threat right across the Council.</p> <p>A less regular edition will not work financially because advertisers would withdraw from the paper and the reduced frequency results in ineligibility for statutory notices to be published.</p> <p>This is being considered as part of the formal consultation on potential deletion of the 4 posts – a response to this will be authored on completion of the</p> |
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| <p>a less regular publication</p> | | <p>formal consultation period.</p> <p>However, any reduced service would not deliver a saving as the distribution and print costs would still exist and advertising is likely to be impacted by lack of frequency.</p> <p>Additionally, any reduced frequency strips the publication of its right to carry statutory notices in any event and thus makes the cost to the Council higher.</p> |
| <p>CEX SAV 06</p> | <p>Reductions of employee budgets in Legal & Democratic services</p> | <p>No comments logged into Budget Challenge (although Scrutiny Members on PAASC rejected part of this proposal).</p> |
| <p>CEX SAV 12</p> | <p>Additional savings through shared legal services with Thurrock</p> | <p>No comments logged into Budget Challenge</p> |
| <p>CEX SAV 09</p> | <p>Reduction in the health & safety team</p> | |
| <p>Consultee & channel</p> <p>Staff - Via email</p> | <p>Comments</p> <p>One staff member raised a concern about this proposal impacting on staff training around H&S.</p> <p>Staff member raised concerns about the potential negative impact on H&S training courses and asked how improvements could be made.</p> | <p>Summary of Responses/Action</p> <p>We have a range of delivery models for delivering health and safety training. This particular course could be delivered in house but based on our costing model would be more expensive per head particularly when taking into consideration venue and printing costs. It also must be delivered in a particular way to meet legal and insurance requirements. So for this particular course it must:</p> <ul style="list-style-type: none"> • Be run for ½ day • Be 50% practical • Include both a practical and written assessment |

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| | <ul style="list-style-type: none">• Have a maximum number of delegates <p>This has cost implications, as such using an external provider who runs this course for a number of different organisations they are able to achieve economies of scale that we can't through running it inhouse.</p> <p>The booklets are used for all of their clients and are linked to a specific accredited course. As such the training company is able to bulk order, and it is included in the pricing for the course.</p> <p>The venue has to be suitable for practical activities and assessment and although they will come to our venues, we have found it makes sense to use their venue as it is included in the cost, and is suitable for this particular course. Feedback from participants shows high levels of satisfaction with the venue and its location.</p> <p>This training is evaluated, and we also use a quality assurance model through observation to make sure that it is delivering our specific requirements. We are satisfied that this course does this, and also represents value for money.</p> <p>We have tried to reduce the time that our H&S Officers deliver direct training where it makes sense to do so. Buying in training is not always a more expensive option and it does allow us to concentrate on other key</p> |
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| | | activities where we can deliver an added value. We do work hard to make sure that the rate charged by external trainers is competitive, and that the training couldn't be delivered in a more appropriate way such as e-learning or blended learning. |
| CEX SAV 08 | Potential shared service with Thurrock | No comments logged with Budget Challenge (this will be subject to staff consultation once proposals emerge) |
| FIN RES SAV 06 - 19 | Various finance measures, including efficiencies, internal audit, reductions in risk management etc. | No comments logged with Budget Challenge (although PAASC did make recommendations on several of the proposals) |
| CORP SAV 01 | Increase fees and charges | No comments logged with Budget Challenge |
| ACS SAV 02 | Deletion in posts of statutory social care and complaints function | No comments logged with Budget Challenge |
| ACS SAV 03 | Occupational Therapy and Sensory Service | |
| Consultee & Channel | Comments | Summary of Responses/Action |
| Staff - Via CEx Feedback Forum | Concern that OT service staff were not properly briefed on proposals. Concern that OT service is staffed by agency staff and that reductions should be met via this route before permanent staff. | Staff in the OT service have been briefed both face-to-face with the relevant Divisional Director and in a written briefing from the Corporate Director. |
| ACS SAV 04 | Sheltered Housing | |
| Consultee & Channel | Comments | Summary of Responses/Action |
| Residents - Via letter | Concern expressed about the proposals was wide-ranging. | Cllr Reason addressed deputation to HAASC. |

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| <ul style="list-style-type: none"> - Via email - Via Deputy Leader's QT - Via representations at HAASC | <p>A very large number of concerned residents addressed HAASC.</p> <p>Residents did write in with specific concerns about the proposals and how they would impact their own accommodation needs.</p> | <p>A letter has now been sent to all sheltered accommodation residents informing them of the decision to review the proposal, to consult in more depth and to bring further proposals forward at a future date.</p> <p>Cllr. Reason addressed Deputy Leader's QT and made clear the Administration's approach to this proposal (namely, additional consultation with residents over the course of the next year).</p> |
| <p>ACS SAV 10</p> | | |
| <p>Consultee & channel</p> | | |
| <p>Only one comment on this saving proposal came through to the Budget Challenge, this was from a resident.</p> | <p>Resident believes that not everyone with mental health needs is ready or well enough to work. They require ongoing support in their recovery. What support will be made available to these people if you scrap the service that is currently supporting them, as DWP's concentrate on employment and do not offer vocational and social support which is currently being offered</p> | <p>Divisional Director responded as follows:-</p> <p>The Council does not have a statutory responsibility to provide vocational or support services to people with mental health needs and there are a wide range of other services which exist. However this is not a proposal that the Council would be considering if we were not subject to the austerity measures.</p> <p>When this proposal was discussed at HAASC, the recommendation from Councillors was that the saving achieved should be reduced and re-modelled. If the saving is agreed, then staff in the Council's Job Shops and the 15 community employment outreach services will receive specialist training in supporting people with mental health needs. There are also other supported employment services such as those run by the Shaw</p> |
| <p>Summary of Responses/Actions</p> | | |

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| | | Trust for people with mental health needs. DABD has recently been awarded £300,000 to develop volunteering opportunities for disabled people. The current specialist employment service does not currently offer social support – the proposal includes an allocation to support a user led organization to develop social support services of their choice. |
| ACS SAV 11 – 19 and 28, 29 | Various measures – inc. reductions in funding for care packages, homelessness prevention, Business Support, reduce advocacy support to statutory minimum only. | No comments logged with Budget Challenge |
| H&E SAV 01 a | Catering Income from Parks | No comments logged with Budget Challenge |
| H&E SAV 01 c | Parks Rangers service | No comments logged with Budget Challenge |
| Consultee & channel | Comments | Summary of Responses/Actions |
| Residents - Via email - Via Deputy Leader's QT - Via letter - Leader's QT | A number of residents have written in congratulating the Parks Rangers service, especially in terms of the work done with children and their work in maintaining LBBB has such excellent, award winning parks. Calls on the Council to retain the service or face the parks becoming no-go areas again. Calls on the Council to maintain the Parks Rangers or the parks will quickly become unkempt and be vandalised. | Response has discussed whether the service could be re-provided via other means. Whether there is duplication with services that could be provided by other agencies. |

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| <p>Staff</p> <ul style="list-style-type: none"> - Via email into budget@lbbd.gov.uk - Chief Exec's Feedback Forum 1 | <p>Parks rangers staff expressed concern over lack of information and briefing</p> <p>Staff attended both CEx Feedback Forum meetings and discussed concerns with Graham Farrant</p> | <p>An alternative funding suggestion provided by staff is now being discussed with the Parks Rangers and with the relevant Divisional Director and with the Corporate Director.</p> |
| <p>H&E SAV 02 - 18</p> <p>Various efficiency measures across services such as transport and plant, depot consolidation, Parking Services Improvement Plan, reducing on street parking enforcement and replace with cameras and auto-ticketing technology etc.</p> <p>End separate collection for green waste</p> | | |
| <p>H&E SAV 19</p> <p>Consultee & channel</p> <p>Comments</p> | | |
| <p>Residents</p> <ul style="list-style-type: none"> - Via email into budget@lbbd.gov.uk - Via letter - Via Facebook - Via Twitter - Via Dep Ldr QT - Via Leader's QT | <p>Widespread concern from respondees that ceasing the green waste collection will be a backwards step.</p> <p>Older respondents especially find the service very useful.</p> <p>One resident described the service as a "godsend" that had improved the borough's look and feel and helped deal with eyesore gardens.</p> | <p>Response to consultees and respondees has been that the original proposal has now been reviewed and that proposals to rescind it partially or in full will be taken to Cabinet.</p> <p>This response was communicated to all consultees early on in the process following Member review.</p> <p>Cllr. Smith announced at LQT that he felt sure a service could be retained following fresh grant funding.</p> |

| H&E SAV 21 | Charging for bulky waste collection | | Summary of Response/Action |
|---|---|--|-----------------------------------|
| Consultee & channel | Comments | | |
| Residents - Deputy Leader's QT - Letter | One resident asked about the cost of collection being increased. The resident felt this would add to the unsightly state of the borough's streets and would encourage fly-tipping. | Cllr. Gill responded that the original charge proposal was being reduced. The new charge was competitive compared with the costs incurred on residents by private sector organisations to remove old white goods. | |
| | One resident wrote in via letter that she felt that increasing charges would create more work for road-sweepers (who themselves were hampered by their needing to use mechanical sweepers which she felt do not work). | | |
| | A further resident also criticised the use of mechanical sweepers. | | |
| FIN RES SAV 01 , 17, 18, 20, 21 and 22 | Various measures including savings in the enterprise and sustainable communities team, increase charging of staff time to the HRA, increase Local Implementation Plan income and delete one post, delete one post in planning and increase income. | No comments logged with Budget Challenge. These measures were scrutinised by Living & Working Select Committee. The Select Committee did propose some recommendations to specific proposals (e.g. levels of support to Chamber of Commerce) | |

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ASSEMBLY

25 February 2013

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| Title: Treasury Management Strategy Statement 2013/14 | |
| Report of the Cabinet Member for Finance | |
| Open Report | For Decision |
| Wards Affected: None | Key Decision: Yes |
| Report Author: David Dickinson, Group Manager Pensions and Treasury | Contact Details: Tel: 020 8227 3497 E-mail: david.dickinson@lbbd.gov.uk |
| Accountable Divisional Director: Jonathan Bunt, Divisional Director of Finance | |
| Accountable Corporate Director: Graham Farrant, Chief Executive | |
| <p>Summary:</p> <p>This report deals with the Treasury Management Annual Investment Strategy Statement, Treasury and Prudential Indicators, Annual Investment Strategy and borrowing limits, in compliance under section 15 (1) (a) of the Local Government Act 2003.</p> <p>The production and approval of a Treasury Management Annual Strategy Statement and Annual Investment Strategy are requirements of the Council under Section 15(1) of the Local Government Act 2003. It is also a requirement of the Act to set an authorised borrowing limit for the forthcoming financial year.</p> <p>The Local Government Act 2003 also requires the Council to have regard to the Prudential Code, and to set prudential indicators which take into account the Council's capital investment plans for the next three years.</p> <p>The Cabinet consider this report at its meeting on 12 February 2013 and endorsed the recommendations below.</p> | |
| <p>Recommendation(s)</p> <p>The Assembly is recommended to approve the Treasury Management Strategy Statement for 2013/14 attached at Appendix 1 to the report, and in doing so:</p> <ul style="list-style-type: none"> (i) the current treasury position for 2012/13 and prospects for interest rates, as referred to in sections 6 and 7 of Appendix 1; (ii) the revised Authorised Borrowing Limit (General Fund and HRA) of £502m for 2012/13, which includes an estimated £15m borrowing to finance the 2012/13 Capital Programme; (iii) the Council's Borrowing Strategy, Debt Rescheduling Strategy and Policy on borrowing in advance of need for 2013/14, including the effects on treasury | |

management of Housing Revenue Account reform, as referred to in sections 9 - 12 of Appendix 1;

- (iv) The Minimum Revenue Policy Statement for 2013/14 setting out the Council's policy on repayment of debt as set out in Appendix 1C;
- (v) The Authorised Borrowing Limit (General Fund and HRA) of £499m for 2013/14, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as set out in Appendix 1B;
- (vi) The Treasury Management Indicators and Prudential Indicators for 2013/14, as set out in Appendix 1B; and
- (vii) The Annual Investment Strategy and Creditworthiness Policy for 2013/14 outlining the investments that the Council may use for the prudent management of its investment balances, as set out in Appendix 1D.

Reason(s)

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

1. Introduction and Background

1.1 This report provides a brief explanation of the key elements of the Council's Treasury Management Strategy, its MRP Strategy and the Annual Investment Strategy for 2013/14, which are set out in detail in **Appendix 1** to this report. The Council is statutorily required to approve the Treasury Management Strategy prior to the new financial year.

1.2 The key elements of the Strategy relate to the following:

- Investment Strategy – relating to the management of the Council's cash balances;
- Borrowing Strategy – relating to the financing of the Council's capital programme;
- Minimum Revenue Provision Strategy – a council has a duty to charge to its general fund an amount of MRP which it considers to be "prudent".

1.3 The report also summarises proposed changes to strategy from last year.

2. Proposal and Issues

2.1 Cash Management

2.1.1 The Council has cash balances arising from its operational activities, i.e. sources of income such as grants and Council Tax are received during the year and this is offset by daily expenditure to run services. Due to the timing of these cash inflows and outflows, a surplus of cash is available at any point in time for investing. This is because, in general, significant sources of income for the year such as grants are received in advance of expenditure, plus the Council also holds specific reserves for future expenditure plans.

2.1.2 Cash balances are also affected by “working capital”, which relates to amounts of outstanding payments to be made to suppliers (accounts payable) offset by amounts owed to the Council (accounts receivable). Cash balances are higher when the level of accounts payable is greater than accounts receivable, because the Council has incurred net expenditure in accounting terms which has not been paid for in cash terms.

2.1.3 The Council’s historical cash balances as at the year end (31 March) since 2009 are provided below.

2011/12 - £100m
 2010/11 - £94m
 2009/10 - £116m
 2008/09 - £125m

The forecast for 2012/13 is for the Council to have a cash balance of £125m, which is significantly higher than the cash balance for 2011/12.

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

- Capital grants and Section 106 funds received in advance of expenditure;
- General Fund and HRA Fund balances;
- Earmarked Reserves;
- Capital Receipts;
- Provisions;
- Loans from Public Works Loan Board and banks to fund capital expenditure but not yet spent;
- Working Capital.

2.1.5 At the end of December 2012, the Council’s cash balances totalled £135m and were invested as follows:

| Bank / Counterparty | £m |
|--------------------------------|--------------|
| Internally Managed: | |
| Lloyds TSB Group | 46.0 |
| Royal Bank of Scotland | 30.0 |
| Santander Group | 0.1 |
| Barclays | 15.0 |
| Money Market Funds | |
| Federated Prime Rate | 4.7 |
| Goldman Sachs | 0.1 |
| External Fund Managers: | |
| Investec Asset Management | 39.1 |
| Total | 135.0 |

2.2 Investment Strategy

2.2.1 The Council's investments are managed on the following principles, in order of priority:

- **Security** – minimising the risk of losing cash arising from a bank failure and consequent default (as occurred with Icelandic Banks in 2008).
- **Liquidity** – ensuring the Council will have access to cash as required to meet daily expenditure obligations.
- **Yield** – after ensuring the above are met, the Council will aim to maximise interest earnings on cash invested.

2.2.2 As financial markets are still being affected by the Eurozone crisis, with increasing credit risk for banks in the Eurozone area and a number of bank and country rating downgrades, it is proposed to continue the policy of limiting investments to UK banks until there is a satisfactory resolution to the crisis. The TMS does allow for the use of AAA rated foreign banks and these will continue to be monitored.

2.2.3 Following a number of credit rating downgrades in 2012, the number of counterparties that the Council can invest in has decreased further. At the same time the amount of cash held by the Council has increased from £100m as at 31 March 2012, to £135m as at 31 December 2012. As a result of the reduction in counterparties, in the Treasury Management Strategy Statement Mid-year Review Report, Members agreed to increase the counterparty investment for Lloyds TSB from £30m to 40% of the current cash balance. It is proposed that this increase in limit is maintained throughout 2013/14.

2.2.4 In the past the Council has set a minimum short term rating and long term credit rating restriction for investment. While this is a reasonable approach, the Counterparties the Council invests in are exposed to a greater range of factors that should be considered when monitoring their counterparty risk. It is therefore recommended that the Council applies the creditworthiness service provided by its advisor, Sector, which employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

2.2.5 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments and are outlined in detail in **Appendix 1 section 16**.

2.2.6 The use of derivative financial products will continue to be excluded from the strategy due to potential losses arising from instability in the financial markets at this time.

2.3 Borrowing Strategy

2.3.1 The Council is allowed to borrow funds from the capital markets for two purposes:

- (i) Short term temporary borrowing for day to day cash flow purposes to ensure liquidity. This is likeliest to occur towards the end of the financial year when the Council's cash balances are lowest and Council's own cash may be tied up in longer term investments.
- (ii) Long term borrowing to finance the capital programme where the Council can demonstrate the borrowing is affordable. The Council receives external funding (e.g. grants, TfL contributions etc) to meet a large proportion of its capital expenditure but some projects do not attract specific funding. These projects have to be funded by the Council from sources such as capital receipts from the sale of property. However in recent years the Council has not had these funds available and therefore has had to borrow.

2.3.2 The Council's borrowing as at 31 December 2012 was made up of four elements:

- a) External loans from Public Works Loan Board and private banks - £60m;
- b) HRA PWLB Loans - £266m;
- c) PFI/finance lease liabilities - £58m; and
- d) "Internal" borrowing - £99m.

2.3.3 Internal borrowing represents the use of surplus available cash balances to pay for capital spend, rather than undertaking new external loans. The Council will use internal cash balances by reducing investments when deposit rates on investments are lower than interest rates on new loans. This is because the lost interest earnings on reduced cash balances are cheaper than increased interest payable on a new external loan. An additional advantage of maintaining a lower cash holding amount is that it ensure that the Council's investment risk exposure is lower.

2.3.4 In 2013/14 a continuation of low short term interest rates compared to the medium and longer term rates is expected. This indicates that it is likely that there will be an on-going "cost of carry" for holding cash through borrowing in advance of capital expenditure being incurred. Therefore it is recommended that the Council continues the strategy of keeping cash balances low and utilising internal borrowing to finance capital expenditure.

2.4 Repayment of Borrowing

2.4.1 The Council's external borrowings are all loans where the principal is repaid at maturity. A loan of £10m is scheduled to be repaid in 2013/14 and it is proposed to fund the principal repayment from revenue or generating capital receipts.

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

3. Financial Implications

3.1 The financial implications have been discussed in detail in earlier sections of this report.

4. Legal Implications

Implications completed by: Eldred Taylor-Camara, Legal Group Manager

4.1 The Local Government Act 2003 (the “Act”) requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy which sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

4.2 The Council also has to ‘have regard to’ the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out its functions under the Act.

4.3 This report sets out the Council's strategies in accordance with the Act.

5. Other Implications

5.1 **Risk Management** - This report has risk management issues for the Council, primarily that a counterparty could cease trading or risk that interest rates would fall adversely. The mitigation of these is contained in this report.

Background Papers Used in the Preparation of the Report:

- Local Government Act 2003
- CIPFA – Revised Prudential Code for Capital Finance in Local Authorities
- CIPFA – Revised Treasury Management in the Public Services
- Budget Framework Report 2013/14
- HRA Business Plan v7 (16 Jan 2012)
- Cabinet Report, 12 February 2013: Treasury Management Strategy Statement 2013/14

List of appendices:

Appendix 1 – Treasury Management Strategy 2013/14

Appendix 1A – Interest Rate Forecasts 2013 – 2016

Appendix 1B – Prudential Indicators 2013/14 – 2015/16

Appendix 1C – Minimum Revenue Provision Policy Statement

Appendix 1D – Annual Investment Strategy

Appendix 1E – Approved countries for investments

Appendix 1F – Treasury management scheme of delegation and Section 151 officer responsibilities

Appendix 1G – Economic Background

TREASURY MANAGEMENT STRATEGY, MRP STRATEGY AND ANNUAL INVESTMENT STRATEGY 2013/14

1. Background

- 1.1 The Council is required to operate a balanced budget, with cash raised during the year sufficient to meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed.
- 1.2 Surplus monies are invested in counterparties or instruments commensurate with the Council's risk appetite, providing adequate security and liquidity initially, before considering investment return.
- 1.3 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations.
- 1.4 This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet the Council's risk or cost objectives.
- 1.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.6 The Council is responsible for its treasury decisions, activity and risk appetite. The successful identification, monitoring and control of risk are integral elements of treasury management, including credit and counterparty risk, liquidity risk, market risk, interest risk, refinancing risk and legal and regulatory risk.
- 1.7 The Treasury Management Strategy takes into account the impact of the Council's proposed Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators and the outlook for interest rates. In addition the current market conditions are factored into any decision making process.
- 1.8 As the Council is responsible for housing, Prudential Indicators relating to Capital Expenditure, financing costs and the Capital Financing Requirement will be split between the Housing Revenue Account (HRA) and the General Fund. The impact of any new capital investment decisions on housing rents will also need to be considered.

2. Reporting Requirements

2.1 The Council is required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by Committee before being recommended to the Council.

2.2 **Prudential and Treasury Indicators and Treasury Strategy** (this report) –
The first and most important report and covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

2.3 **An annual treasury report** that provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2.4 **A mid-year treasury management report** to update Councillors on the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision or amendment.

3. Treasury Management Strategy for 2013/14

3.1 The Local Government Act 2003 and supporting regulations require the Council to 'have regard to' the CIPF Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years and to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

3.2 The Act requires local authorities to set out their treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment Guidance issued subsequent to the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

3.3 The Department of Communities and Local Government (CLG) has issued revised investment guidance that came into effect from 1 April 2010, and the Council has adopted the recommendations of the guidance.

3.4 The strategy for 2013/14 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators; and
- the minimum revenue provision (MRP) strategy.

Treasury Management Issues

- the current portfolio position;
- macroeconomic outlook and prospects for interest rates;
- the General Fund and HRA borrowing requirement and strategy;
- policy on borrowing in advance of need;
- debt rescheduling and repayment;
- the use of the Council's resources and expected investment balances;
- the Annual Investment Strategy and Investment Policies;
- Investment Counterparty Selection Criteria
- creditworthiness policy;
- use of additional information other than credit rating;
- policy on use of external service providers; and
- treasury indicators which limit the treasury risk and activities of the Council.

3.5 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

4. Treasury Management Consultants

4.1 The Council uses Sector as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

4.2 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

4.3 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

5. Member and Officer Training

5.1 The CIPFA Code requires the responsible officer, the Chief Finance Officer, to ensure that Councillors with responsibility for treasury management receive adequate training in treasury management.

5.2 Training will be arranged for Councillors as required. The training needs of treasury management officers are periodically reviewed.

6. Current Portfolio Position

- 6.1 Table 1 below shows the Council's investments and borrowing balances as at 31 December 2012, including the average life and the Rate of Return.

Table 1: Council's treasury position at 31 December 2012

| | Principal Outstanding 31/12/2012 £'000s | Average Rate of Return 31/12/2012 % | Average Life as at 31/12/2012 (yrs) |
|-------------------------------|--|--|--|
| Fixed Rate Funding: | | | |
| PWLB | 285,912 | 3.55 | 38.96 |
| Variable Rate Funding: | | | |
| PWLB | 0 | 0 | 0 |
| Market | 40,000 | 4.02 | 55.89 |
| Total Debt | 325,912 | 3.61 | 41.04 |
| | | | |
| Investments | | | |
| In-House | 95,708 | 1.79 | |
| External Managers: | | | |
| Investec | 39,050 | 1.03 | |
| Total Investments | 134,758 | 1.57 | |

- 6.2 The sum invested broadly represents the reserves, provisions and balances that the Council holds together with the impact of any difference between the collection of income and expenditure (working capital). Included in the Council managed cash balances is £6m relating to the Pension fund.

7. Macroeconomic Outlook and Prospects for Interest Rates

- 7.1 The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.
- 7.2 The primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK, but urgently needs to resolve the fiscal cliff now that the Presidential elections are out of the way. The resulting US fiscal tightening and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.

7.3 This challenging and uncertain economic outlook has several key treasury management implications:

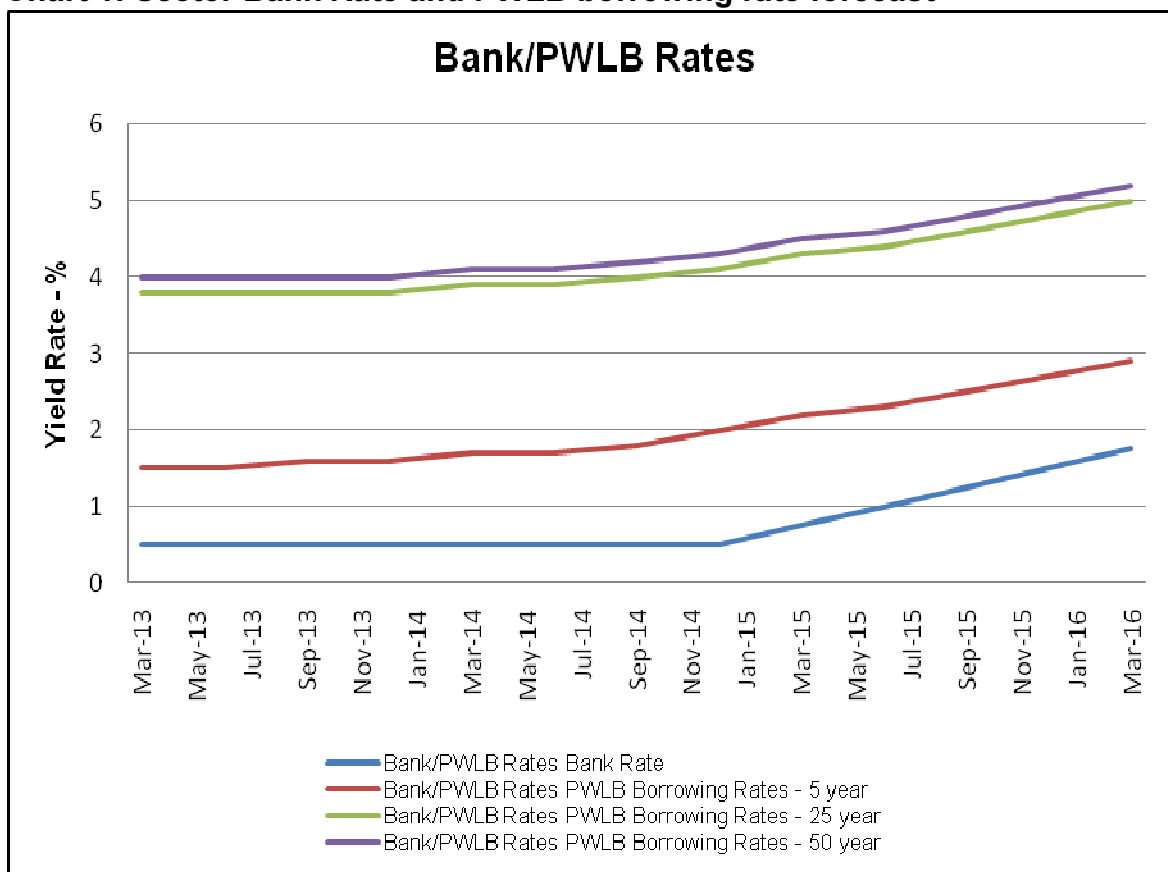
- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2013/14 and beyond;
- Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully; and
- There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

7.4 The Council has appointed Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. From 1 November 2012, the Government reduced by 20 basis points the interest rates on loans from PWLB (the Certainty Rate) to local authorities who provide the required information on their plans for long-term borrowing and associated capital spending. Interest rate forecasts have been adjusted to reflect this lower borrowing rate available to the Council. Table 2 and Chart 1 provide Sector’s central view on interest rates.

Table 2: Sector Bank Rate and PWLB borrowing rate forecast

| As at Date | Bank Rate % | PWLB Borrowing Rates (including certainty rate adjustment) | | |
|------------|----------------|---|--------------|--------------|
| | | 5 year % | 25 year % | 50 year % |
| Jun-13 | 0.5 | 1.5 | 3.8 | 4.0 |
| Sep-13 | 0.5 | 1.6 | 3.8 | 4.0 |
| Dec-13 | 0.5 | 1.6 | 3.8 | 4.0 |
| Mar-14 | 0.5 | 1.7 | 3.9 | 4.1 |
| Jun-14 | 0.5 | 1.7 | 3.9 | 4.1 |
| Sep-14 | 0.5 | 1.8 | 4.0 | 4.2 |
| Dec-14 | 0.5 | 2.0 | 4.1 | 4.3 |
| Mar-15 | 0.75 | 2.2 | 4.3 | 4.5 |
| Jun-15 | 1.0 | 2.3 | 4.4 | 4.6 |
| Sep-15 | 1.25 | 2.5 | 4.6 | 4.8 |
| Dec-15 | 1.5 | 2.7 | 4.8 | 5.0 |

Chart 1: Sector Bank Rate and PWLB borrowing rate forecast



7.5 **Appendix 1A** draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates.

7.6 As interest rate forecast shows that the UK base rate is forecast to remain at 0.5% until 2015, this would mean that short term rates are likely to remain significantly lower than long term rates throughout 2013/14 and beyond.

8. The Capital Expenditure Plans 2013/14 – 2015/16

8.1 The Council’s Housing and General Fund capital expenditure plans, together with Balances and Reserves, are the key drivers of treasury management activity. The estimates for Capital expenditure, and its funding based on current proposed Revenue Budget and Capital Programmes, are reflected in prudential indicators, which are designed to assist Councillors overview and confirm capital expenditure plans. The Prudential Indicators are included in **Appendix 1B** of this report.

8.2 Table 3 below shows the proposed capital expenditure over the coming three financial years. It is a requirement of the Prudential Code to ensure that capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and, in the case of the HRA, housing rent levels.

Table 3: Proposed Capital Expenditure 2013 to 2016

| Capital expenditure £'000s | 2011/12 Actual | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|--|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| General Fund | 97,178 | 67,587 | 74,579 | 32,017 | 5,475 |
| HRA | 30,968 | 43,350 | 83,240 | 74,090 | 45,620 |
| HRA Settlement | 265,912 | - | - | - | - |
| Total | 394,058 | 110,937 | 157,819 | 106,107 | 51,095 |
| Financed by: | | | | | |
| Capital Receipts | - | 6,037 | 12,429 | 5,700 | 1,920 |
| Capital Grants and Contributions | 79,728 | 54,161 | 96,990 | 33,557 | 7,225 |
| Revenue contributions | 1,440 | 607 | - | - | - |
| Capital Reserves | - | 1,195 | - | - | - |
| HRA Resources | 7,638 | 33,850 | 42,260 | 45,250 | 41,950 |
| Net financing need for the year | 305,252 | 15,087 | 6,140 | 21,600 | - |

- 8.3 The estimated financing need for the year in Table 3 represents a shortfall of resources resulting in a requirement to borrow. This underlying need to borrow is known as the Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
- 8.4 Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.
- 8.5 Sufficient headroom has been provided within the Authorised Limit on external borrowing to ensure that any major capital investment projects where finance has yet to be finalised, are not restricted by this statutory limit. The limit covers any short term borrowing for cash flow purposes as well as long term borrowing for capital projects, finance leases PFI initiatives as well as any unforeseen incidences where expected capital receipts are not forthcoming due to unexpected economic factors.
- 8.6 Table 3 includes £266m borrowed in March 2012 to finance the HRA reform.

9. The Council's Borrowing Strategy and Borrowing Requirement

- 9.1 The decision to borrow is a treasury management decision and is taken by the Chief Finance Officer under delegated powers of the Council's constitution. The key

objective of the Council's borrowing strategy is to secure long term funding for capital projects at borrowing rates that are as low as possible. This can result in a trade off of short term returns on deposits to obtain the best possible rate on long term borrowings.

9.2 Treasury management, and borrowing strategies in particular, continues to be influenced by the absolute level of borrowing rates and also the relationship between short and long term interest rates. Rate forecasts indicate that interest rates will remain low until 2015 which creates a "cost of carry" between what is paid on the borrowing and what is earned on the investment for any new longer term borrowing. This is because borrowing requirements are generally over a long term period of up to 25 years, while cash is currently being invested for a maximum of a year.

9.3 As a result the Council will seek to maintain an under-borrowed position throughout 2013/14. This means that the CFR will not be fully funded with loan debt during the year as cash supporting the Council's reserves, balances and cash flow will be used as a temporary measure. This strategy is prudent as it reduces the "cost of carry" while investment returns remain low, as well as reduces the Council's counterparty risk, which continues to be high and is likely to will continue throughout 2013/14.

9.4 As circumstances can change during the year, the Chief Finance Officer will monitor interest rates in financial markets and adopt a flexible approach to any changes:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still relatively cheap.*

9.5 The Council's borrowing strategy will give consideration to the following when deciding to take-up new loans:

- Use internal cash balances while the current rate of interest on investments remains at an all-time low. However consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if long term borrowing rates begin to increase more than forecast;
- Using long term fixed rate market loans where rates are significantly less than PWLB rates for the equivalent maturity period;
- Using Public Works Loan Board (PWLB) short term variable rate loans;
- Maintain an appropriate balance between PWLB and market debt in the debt portfolio;
- Use short dated PWLB fixed rate loans where rates are expected to be significantly lower than rates for longer period;

- Ensure that new borrowings are drawn at periods when rates are expected to be low; and
- Consider the issue of stocks and bonds if appropriate.

9.6 The Council has £40m of loans which are Lender's Options Borrower's Option (LOBO) and all of them will be in their call period during 2013/14. A LOBO is called when the Lender exercises its right to amend the interest rate on the loan at which point the Borrower (the Council) can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the Council since the decision to call a LOBO is entirely at the Lender's discretion.

9.7 As LOBOs currently make up 12.3% of the total external debt portfolio, this is not a significant risk. Any LOBO called will have the default position of repayment of the LOBO without penalty, i.e. the revised terms will not be accepted.

10. Self Financing

10.1 HRA Debt

Central Government completed the reform of the HRA subsidy system on 28 March 2012. The Council is required to recharge interest expenditure and income attributable to the HRA in accordance with Determination issued by the CLG.

The Determinations do not set out a methodology for calculating the interest rate to use in each instance. The Council is therefore required to adopt a policy that will set out how interest charges attributable to the HRA will be determined. The CIPFA Treasury Management Code of Practice recommends that authorities present this policy in the annual TMSS.

On 1 April 2012, for treasury management of the General fund and HRA debt, the Council adopted a two loans pool approach for long term debt.

- The full £265.9m of PWLB long term debt from the HRA reform settlement is allocated to the HRA, with the remaining £60.0m of debt allocated to the General Fund (GF); and
- All future long term loans are allocated into either the HRA or GF pool.

A breakdown of the HRA borrowing is provided in table 4 below:

Table 4: HRA borrowing:

| Loan Type | Loan Amount | Maturity profile | Interest Rate |
|--------------|----------------|------------------|---------------|
| | £'000s | Yrs | % |
| PWLB | 50,000 | 29 | 3.51 |
| PWLB | 50,000 | 39 | 3.52 |
| PWLB | 50,000 | 47 | 3.49 |
| PWLB | 50,000 | 48 | 3.48 |
| PWLB | 65,910 | 49 | 3.48 |
| Total | 265,910 | | |

A debt cap of £277m has been set for the HRA. The CLG have confirmed that the debt cap, now set, cannot be breached. Good treasury management is required under self-financing to support the achievement of business objectives and to conform to the requirements of the debt cap as should the cap be breached the Section 151 officer and the Council as a whole would be in breach of the law.

10.2 HRA Investments

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

Where there is agreement between the Chief Finance Officer and the Corporate Director of Housing & Environment, individual investments can be ring-fenced for the HRA, with the allocations made within the Council's overall treasury strategy requirements.

For further details please refer to the HRA Business Plan.

11. Policy on borrowing in advance of need

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

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

11.3 Current forecasts indicate that it is unlikely that the Council will seek to borrow in advance in 2013/14.

12. Debt rescheduling and repayment

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

12.2 The reasons for any rescheduling to take place will include:

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

12.3 Consideration will be given to identify any residual potential to make savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

12.4 Any rescheduling will be reported to the Council at the earliest meeting.

12.5 In April 2013 a £10m PWLB loan, borrowed at 4.07%, matures. Given the high level of cash currently held, the loan is expected to be repaid and will not immediately be replaced. This will reduce the General Fund borrowing to £50m.

13. Minimum Revenue Provision Policy Statement

13.1 In accordance with Statutory Instrument 2008 number 414 and new guidance issued by the Government under section 21 (1A) of the Local Government Act 2003 a statement on the Council's policy for its annual MRP needs to be approved before the start of the financial year.

13.2 The Council are asked to approve the Minimum Revenue Provision Statement set out in Appendix 1C.

14. The use of the Council's Resources and expected investment balances

14.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an on-going impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

| Year End Resources £'000s | 2011/12 Actual | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|--------------------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Fund balances / reserves | 160,000 | 180,000 | 154,000 | 146,000 | 136,000 |
| Capital receipts | 7,000 | 15,000 | 6,000 | 4,000 | 5,000 |
| Provisions | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| Total core funds | 177,000 | 206,000 | 171,000 | 161,000 | 152,000 |
| Working capital* | 77,000 | 88,000 | 88,000 | 88,000 | 88,000 |
| External borrowing | 336,000 | 326,000 | 350,000 | 364,000 | 364,000 |
| Capital financing requirement | -485,000 | -496,000 | -500,000 | -503,000 | -493,000 |
| Expected investments | 104,000 | 125,000 | 109,000 | 110,000 | 111,000 |

*Working capital balances shown are estimated year end; these may be higher mid-year.

15. Annual Investment Strategy and Investment Policies

15.1 Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

15.2 These guidelines do not apply to either trust funds or pension funds, which operate under a different regulatory regime. The key intention of the guidance is to maintain the current requirement for councils to invest prudently. The Council's investment priorities are:

- **security** of the investment capital;
- **liquidity** of the investment capital; and
- an optimum **yield** which is commensurate with security and liquidity.

15.3 In accordance with the above, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings and watches published by all three ratings agencies with a full understanding of what the ratings reflect in the eyes of each agency. Using the Sector ratings service, banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

15.4 Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate.

15.5 The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and overlay that information on top of the credit ratings. This is encapsulated within the credit methodology provided by the advisors, Sector.

15.6 Other information sources used will include the financial press and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

15.7 The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

15.8 The intention of the strategy is to provide security of investment and minimisation of risk.

16. Security of Capital - the Creditworthiness Policy

16.1 This Council applies the creditworthiness service provided by Sector. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from the most creditworthy countries.

16.2 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.

16.3 The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years (this is for AAA rated Government debt or its equivalent)
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No colour not to be used

16.4 The Sector creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

16.5 Typically the minimum credit ratings criteria the Council will use is the short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability rating of A-, and a support rating of 1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

16.6 All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

16.7 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

17. Use of additional information other than credit ratings.

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

18. Time and monetary limits applying to investments.

18.1 The time and monetary limits for institutions on the Council's counterparty list are set out in appendix 1D (these will cover both specified and non-specified investments).

18.2 The time limits and monetary limits set out in appendix 1D are the operational criteria in normal times. At times of heightened volatility, risk and concern in financial markets, this strategy may be amended by temporary operational criteria further limiting investments to counterparties of a higher creditworthiness and / or restricted time limits.

19. Use of other Local Authorities

19.1 Where the investment is a straightforward cash loan the Local Government Act 2003 s13 suggests that the credit risk attached to English and Welsh local authorities is an acceptable one. The Council will limit its lending to local authorities in England and Wales.

20. Use of Multilateral Development Banks

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

21. Use of Brokers

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

22. Country limits and Use of Foreign Banks

- 22.1 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA (*excluding the United Kingdom*) from Fitch. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy. This will ensure that the Council's investments are not concentrated in too few counterparties or countries.
- 22.2 Given the strength of some foreign banks the Council will invest in strong non UK foreign banks, whose sovereign and individual ratings meet its minimum criteria of AAA.
- 22.3 During 2013/14 it is possible that the United Kingdom's sovereign rating could be downgraded by one or more ratings agencies. The TMSS will therefore not set a minimum sovereign rating of AAA for the United Kingdom so as to ensure continuity of being able to invest in UK banks if such a downgrade were to occur

23. Investment strategy

- 23.1 **In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).
- 23.2 **Investment returns expectations.** Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 1 of 2015. Bank Rate forecasts for financial year ends (March) are:
- 2012/13 0.50%
 - 2013/14 0.50%
 - 2014/15 0.75%
 - 2015/16 1.75%
- 23.3 There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.
- 23.4 Investment instruments identified for use in the financial year are listed in Appendix 1D under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.
- 23.5 Alternative financial instruments such as derivatives will not currently be considered but future use will remain under review.

24. Provisions for Credit-related losses

- 24.1 If any of the Council's investments appeared at risk of loss due to default, (i.e. a credit-related loss and not one resulting from a fall in price due to movements in

interest rates) the Council will make revenue provision of an appropriate amount. Where there is a loss of the principal amount borrowed due to the collapse of the institution, the Council will seek legal and investment advice.

25. End of year investment report

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

26. External fund managers

26.1 It is the Council's policy to use external fund managers for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories, and are contractually committed to keep the Council's investment strategy. The level of external balances is under constant review as the level of capital receipts and available cash flow diminishes. The performance of each manager is reviewed quarterly by the Chief Finance Officer or delegated officers and the Council's treasury advisers.

26.2 The Council currently uses Investec as a fund manager with £39m of the Council's funds managed on a segregated mandate basis. In selecting the institutions to include in their counterparty listing, it is the external manager's policy to maintain a list of counterparties and assets based on the Council's set minimum criteria. This list is approved by their specialist credit team who independently research all potential counterparties before inclusion and regularly monitor and update to ensure that any change in credit worthiness and valuation is captured.

26.3 The fund manager provides the Council with a periodic outlook on fund returns. For 2012/13, the return achieved for nine months to 31 December 2011 is 1.0%, compared to a best case scenario of 2.0%. This scenario is based on the recent trend of the MPC rate which has continuously remained at 0.5% with predictions for a rate change now not until late 2013.

26.4 Investec will continue to use instruments including Floating Rate Notes and supranational bonds, in addition to gilts in order to increase returns of the portfolio. However they expect to see higher yield before establishing a position.

27. Pension Fund Cash

27.1 London Borough of Barking and Dagenham manages its Pension Fund's in-house cash under a Service Level Agreement, with its share of interest earnings credited to the Pension Fund.

27.2 From October 2013 the Pension Fund will have a separate bank account for investment purposes, Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

APPENDIX 1A: Interest Rate Forecasts 2013 – 2016

| Sector's Interest Rate View | | | | | | | | | | | | | | | |
|------------------------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Now | Dec-12 | Mar-13 | Jun-13 | Sep-13 | Dec-13 | Mar-14 | Jun-14 | Sep-14 | Dec-14 | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 |
| Sector's Bank Rate View | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 1.00% | 1.25% | 1.50% | 1.75% |
| 3 M onth LIBID | 0.40% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.60% | 0.60% | 0.70% | 0.80% | 1.10% | 1.40% | 1.70% | 1.90% |
| 6 M onth LIBID | 0.56% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.80% | 0.90% | 1.00% | 1.10% | 1.30% | 1.60% | 1.90% | 2.20% |
| 12 M onth LIBID | 0.92% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.10% | 1.10% | 1.20% | 1.30% | 1.30% | 1.50% | 1.80% | 2.10% | 2.40% |
| 5yrPW IB Rate | 1.66% | 1.50% | 1.50% | 1.50% | 1.60% | 1.60% | 1.70% | 1.70% | 1.80% | 2.00% | 2.20% | 2.30% | 2.50% | 2.70% | 2.90% |
| 10yrPW IB Rate | 2.64% | 2.50% | 2.50% | 2.50% | 2.60% | 2.60% | 2.70% | 2.70% | 2.80% | 3.00% | 3.20% | 3.30% | 3.50% | 3.70% | 3.90% |
| 25yrPW IB Rate | 3.88% | 3.70% | 3.80% | 3.80% | 3.80% | 3.80% | 3.90% | 3.90% | 4.00% | 4.10% | 4.30% | 4.40% | 4.60% | 4.80% | 5.00% |
| 50yrPW IB Rate | 4.04% | 3.90% | 4.00% | 4.00% | 4.00% | 4.00% | 4.10% | 4.10% | 4.20% | 4.30% | 4.50% | 4.60% | 4.80% | 5.00% | 5.20% |
| Bank Rate | | | | | | | | | | | | | | | |
| Sector's View | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 1.00% | 1.25% | 1.50% | 1.75% |
| UBS | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | - | - | - | - | - |
| CapitalEconom is | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | - | - | - | - | - |
| 5yrPW IB Rate | | | | | | | | | | | | | | | |
| Sector's View | 1.66% | 1.50% | 1.50% | 1.50% | 1.60% | 1.60% | 1.70% | 1.70% | 1.80% | 2.00% | 2.20% | 2.30% | 2.50% | 2.70% | 2.90% |
| UBS | 1.66% | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| CapitalEconom is | 1.66% | 1.30% | 1.30% | 1.30% | 1.30% | 1.30% | 1.30% | 1.30% | 1.50% | 1.60% | - | - | - | - | - |
| 10yrPW IB Rate | | | | | | | | | | | | | | | |
| Sector's View | 2.64% | 2.50% | 2.50% | 2.50% | 2.60% | 2.60% | 2.70% | 2.70% | 2.80% | 3.00% | 3.20% | 3.30% | 3.50% | 3.70% | 3.90% |
| UBS | 2.64% | 2.80% | 3.00% | 3.10% | 3.20% | 3.40% | 3.50% | 3.60% | 3.70% | 3.80% | - | - | - | - | - |
| CapitalEconom is | 2.64% | 2.30% | 2.30% | 2.30% | 2.30% | 2.30% | 2.30% | 2.30% | 2.30% | 2.30% | - | - | - | - | - |
| 25yrPW IB Rate | | | | | | | | | | | | | | | |
| Sector's View | 3.88% | 3.70% | 3.80% | 3.80% | 3.80% | 3.80% | 3.90% | 3.90% | 4.00% | 4.10% | 4.30% | 4.40% | 4.60% | 4.80% | 5.00% |
| UBS | 3.88% | 4.00% | 4.20% | 4.30% | 4.40% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | - | - | - | - | - |
| CapitalEconom is | 3.88% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | - | - | - | - | - |
| 50yrPW IB Rate | | | | | | | | | | | | | | | |
| Sector's View | 4.04% | 3.90% | 4.00% | 4.00% | 4.00% | 4.00% | 4.10% | 4.10% | 4.20% | 4.30% | 4.50% | 4.60% | 4.80% | 5.00% | 5.20% |
| UBS | 4.04% | 4.10% | 4.30% | 4.40% | 4.50% | 4.60% | 4.60% | 4.60% | 4.60% | 4.60% | - | - | - | - | - |
| CapitalEconom is | 4.04% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | - | - | - | - | - |

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Prudential Indicators 2013/14 – 2015/16

1. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in prudential indicators, which are designed to assist Councillors overview and confirm capital expenditure plans.
- 1.1 **Capital expenditure:** This is the first prudential indicator, set out in table 1 below, and is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Councillors are asked to approve the capital expenditure forecasts:

Table 1: Capital Expenditure Forecast 2013 to 2016

| Capital expenditure £'000s | 2011/12 Actual | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|---------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Adult & Community Service | 12,757 | 6,205 | 5,939 | 4,350 | 170 |
| Children's Services | 61,842 | 37,452 | 51,168 | 21,775 | 5,305 |
| Environment & Housing General Fund | 4,239 | 8,136 | 3,119 | - | - |
| Resources | 15,830 | 15,739 | 5,933 | 2,892 | - |
| Capitalisation directive | 2,510 | 3,000 | 3,000 | 3,000 | - |
| General Fund | 97,178 | 70,532 | 69,159 | 32,017 | 5,475 |
| HRA | 30,968 | 43,350 | 83,240 | 74,090 | 45,620 |
| HRA Settlement | 265,912 | - | - | - | - |
| HRA Total | 296,880 | 43,350 | 83,240 | 74,090 | 45,620 |
| Total | 394,058 | 110,937 | 157,819 | 106,107 | 51,095 |

The above table excludes other long term liabilities, such as PFI and leasing arrangement which already include borrowing instruments.

Table 2 summarises the above capital expenditure plans and how these plans will be financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Table 2: Capital Expenditure Financing Plans 2013 to 2016

| Capital expenditure | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|--|----------------|-----------------|-----------------|-----------------|-----------------|
| £'000s | Actual | Estimate | Estimate | Estimate | Estimate |
| General Fund | 97,178 | 67,587 | 74,579 | 32,017 | 5,475 |
| HRA | 30,968 | 43,350 | 83,240 | 74,090 | 45,620 |
| HRA Settlement | 265,912 | - | - | - | - |
| Total | 394,058 | 110,937 | 157,819 | 106,107 | 51,095 |
| Financed by: | | | | | |
| Capital Receipts | - | 6,037 | 12,429 | 5,700 | 1,920 |
| Capital Grants and Contributions | 79,728 | 54,161 | 96,990 | 33,557 | 7,225 |
| Revenue contributions | 1,440 | 607 | - | - | - |
| Capital Reserves | - | 1,195 | - | - | - |
| HRA Resources | 7,638 | 33,850 | 42,260 | 45,250 | 41,950 |
| Net financing need for the year | 305,252 | 15,087 | 6,140 | 21,600 | - |

1.2 The Council's borrowing requirement (CFR)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

Table 3 sets out the CFR until 2015/16. The Council is asked to approve the CFR projections.

Table 3: Council's CFR 2012/13 to 2015/16

| £'000s | 2011/12 Actual | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|
| Capital Financing Requirement | | | | | |
| CFR – non housing | 225,316 | 232,312 | 229,121 | 222,447 | 211,986 |
| CFR – housing | 260,122 | 260,122 | 260,122 | 277,649 | 277,649 |
| Total CFR | 485,438 | 492,434 | 489,243 | 500,096 | 489,635 |
| Movement in CFR | 333,384 | 6,996 | -3,191 | 10,853 | -10,461 |
| Movement in CFR represented by | | | | | |
| Net financing need for the year (above) | 340,324 | 15,087 | 6,140 | 21,527 | - |
| Less MRP and other financing movements | -6,940 | -8,091 | -9,331 | -10,674 | -10,461 |
| Movement in CFR | 333,384 | 6,996 | -3,191 | 10,853 | -10,461 |

2. Affordability prudential indicators

The previous section covered the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

2.1 Actual and estimates of the ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report.

| % | 2011/12 Actual | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|--------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | 6.56 | 6.90 | 9.78 | 11.29 | 10.81 |
| HRA (inclusive of settlement) | -0.43 | 8.06 | 8.19 | 7.98 | 7.88 |

2.2 Estimates of the incremental impact of capital investment decisions on council tax (Band D)

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are

based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

| £ | 2011/12 Actual | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|----------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Council tax - band D | 0.01 | (0.03) | (0.01) | (0.01) | 0.00 |

2.3 Estimates of the incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

Incremental impact of capital investment decisions on housing rent levels

| £ | 2011/12 Actual | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|----------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Weekly housing rent levels | (0.01) | (0.03) | 0.00 | 0.03 | 0.00 |

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

3. Treasury Indicators: Limits to Borrowing Activity

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

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates; and
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

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

| | 2013/14 | 2014/15 | 2015/16 |
|---|--------------|--------------|--------------|
| Interest rate exposures | | | |
| | Upper | Upper | Upper |
| Limits on fixed interest rates based on net debt | 100% | 100% | 100% |
| Limits on variable interest rates based on net debt | 70% | 70% | 70% |
| <i>Limits on fixed interest rates:</i> | | | |
| • <i>Debt only</i> | 100% | 100% | 100% |
| • <i>Investments only</i> | 80% | 80% | 80% |
| <i>Limits on variable interest rates</i> | | | |
| • <i>Debt only</i> | 70% | 70% | 70% |
| • <i>Investments only</i> | 80% | 80% | 80% |

| Maturity structure of fixed interest rate borrowing 2013/14 | | |
|--|--------------|--------------|
| | Lower | Upper |
| Under 12 months | 0% | 20% |
| 12 months to 2 years | 0% | 40% |
| 2 years to 5 years | 0% | 70% |
| 5 years to 10 years | 0% | 70% |
| 10 years and above | 0% | 100% |

| Maturity structure of variable interest rate borrowing 2013/14 | | |
|---|--------------|--------------|
| | Lower | Upper |
| Under 12 months | 0% | 40% |
| 12 months to 2 years | 0% | 40% |
| 2 years to 5 years | 0% | 70% |
| 5 years to 10 years | 0% | 70% |
| 10 years and above | 0% | 80% |

4. Treasury Indicators: Limits to Borrowing Activity

4.1 The Operational Boundary

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

| Operational boundary £'000s | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Borrowing | 326,000 | 372,000 | 394,000 | 394,000 |
| Long term liabilities | 58,000 | 57,000 | 55,000 | 53,000 |
| Total | 384,000 | 429,000 | 449,000 | 447,000 |

4.2 The Authorised Limit for external borrowing

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- 1) This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- 2) The Council is asked to approve the following Authorised Limit:

| Authorised Limit £'000s | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Borrowing | 434,000 | 432,000 | 445,000 | 436,000 |
| Long term liabilities | 68,000 | 67,000 | 65,000 | 63,000 |
| Total | 502,000 | 499,000 | 510,000 | 499,000 |

4.3 HRA CFR Limit

Separately, the Council is also limited to a maximum HRA CFR through the HRA self financing regime. This limit is currently:

| HRA Debt Limit £'000s | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total | 277,649 | 277,649 | 277,649 | 277,649 |

5. Investment treasury indicator and limit

Total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

| Maximum principal sums invested > 364 days £'000s | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|---|----------------|----------------|----------------|----------------|
| Principal sums invested > 364 days | 50,000 | 50,000 | 50,000 | 50,000 |

Minimum Revenue Provision Policy Statement

- 1.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).
- 1.2 CLG regulations have been issued which require the full Council to approve a **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:
 - 1.2.1 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:
 - **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1).

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.
 - 1.2.2 From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:
 - **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3).
- 1.3 These options provide for a reduction in the borrowing need over approximately the asset's life.
- 1.4 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).
- 1.7 Repayments included in annual PFI or finance leases are applied as MRP.
- 1.8 The MRP methodologies provided above are currently being reviewed by officers. Any change to the MRP methodology will be brought for agreement by Councillors later in the year.

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Annual Investment Strategy

1. Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime. The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. In accordance with the Code, the Divisional Director of Finance has produced its treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

1.1 Annual Investment Strategy

The key requirements of both the Code and investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non specified investments.
- The principles to be used to determine the maximum periods for investing funds;
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

1.2 Strategy Guidelines

The main strategy guidelines are contained in the body of the treasury strategy statement.

1.3 Specified Investments

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be

repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

- 1) The UK Government (such as the Debt Management Account Deposit Facility, UK Treasury Bills or a Gilt with less than one year to maturity).
- 2) Supranational bonds of less than one year's duration.
- 3) A local authority, parish council or community council.
- 4) Pooled investment vehicles with a high credit rating. This covers pooled investment vehicles, such as money market funds, rated AAA by the rating agencies
- 5) A body that is considered of a high credit quality (such as a bank or building society).

For category 5 this covers bodies with a minimum short term rating of F1 (or the equivalent) as rated by the three rating agencies

1.6 Non-Specified Investments

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

| Non Specified Investment Category | |
|--|---|
| a. | <p>Supranational Bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the UK Government (e.g. The Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p> |

| | |
|----|--|
| b. | Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity. |
| c. | The Council's own bank if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible. The Council's current bankers are Lloyds TSB which currently is supported by the UK government. |
| d. | Any bank or building society that has a minimum long term credit rating of AA- or equivalent, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment). |
| e. | Share capital or loan capital in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. There is a higher risk of loss with these types of instruments. This area is currently under consultation by the CLG and loan capital may not be deemed capital expenditure from 1 April 2012. |
| f. | Pooled property or bond funds – The use of these instruments will normally be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. |

Within categories c and d, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in these bodies. This criteria is set out in section 11.3 in the body of the report.

In respect of categories e and f, these will only be considered after obtaining external advice and subsequent Member approval.

1.7 The Monitoring of Investment Counterparties

The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Sector as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Divisional Director of Finance, and if required new counterparties which meet the criteria will be added to the list.

1.8 Use of External Fund Manager(s)

It is the Council's policy to use external fund manager(s) for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories, and are contractually committed to keep to the Council's investment strategy. The terms of the fund managers' investment policies are detailed in the investment mandate agreement. The performance of each manager is reviewed at least quarterly by the Divisional Director of Finance and the managers are contractually required to comply with the annual investment strategy

1.9 Credit Quality Criteria and Allowable Financial Instruments

The table on the following page sets out the credit quality criteria for counterparties and allowable financial instruments for Council investments:

Specified Investments: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

| Counterparty / Financial Instrument | Minimum Credit Rating Criteria / Colour Band | Other Investment Criteria | | Use | |
|--|--|---|---|-------------|--------------|
| | | Maximum Duration | Counterparty Limit £m | In House | Fund Manager |
| Government Supported UK Bank Lloyds TSB: SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds | Blue | Up to 1 year | Lower of £40m or 40% of total investable cash | Y | Y |
| Government Supported UK Bank - RBS SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds | Blue | Up to 1 year | £30m | Y | Y |
| Other UK Banks & Building Societies * SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bond | Orange Red Green No Colour | Up to 1 year Up to 6 Months Up to 3 months Not for use | £20m | Y | Y |
| Multilateral Development Banks Corporate Bonds | AAA | 12 months | £10m | Y | Y |
| Local Authorities: Term Deposits | High Security - not credit rated | 12 months | £15m per authority | Y | Y |
| UK Government Treasury Bills Gilts DMADF | UK Sovereign Rating | N/A | N/A | Y N Y | Y Y Y |
| Money Market Funds | AAA | T+1 | £15m per Manager | Y | Y |
| Managed Funds Gilt Funds/Bond Funds Collective Investment Schemes | Long Term rating for Fitch (AA), Moody's (Aa2), S&P (AA) | T+3 | £15m | N Y | Y Y |

Non-Specified Investments: These are any investments which do not meet the specified investment criteria and are held for longer than 365 days. A maximum of 40% will be held in aggregate in non-specified investment

| | Minimum Credit Rating – Based on Fitch and S&P’s Ranking | | | Used By | Support Rating | Maximum Maturity Period | Maximum % of Total Council Investment |
|---|--|-------------------|-----------|----------------------------|----------------|-------------------------|---------------------------------------|
| | Short-Term | Long-Term | Viability | | | | |
| Term Deposits – Local Authorities (with maturity in excess of 1 year) | High Security – although not credit rated | | | In House | | 2 years | 25% |
| Term deposits – Banks & Building Societies (with maturity in excess of 1 year, incl. structured products) | F1 or Equivalent | AA- or Equivalent | | In-house | 1 | 2 years | 25% |
| Certificates of deposit issued by banks and building societies | F1 or Equivalent | AA- or Equivalent | | Fund Managers | 1 | 2 years | 40% |
| UK Government Gilts with maturities in excess of 1 year | AAA | | | Fund Managers | | 3 years | 40% |
| Pooled Funds (Various) | F1 | AAA | | Fund Managers | | | 40% |
| Structured Deposits with variable rates and maturities (Callable & Flappable Deposits, range trades & snowballs) | F1 | AAA | B | In-house | 1 | 2 years | 25% |
| Bonds issued by: Financial Institutions with explicit UK government guarantee Multilateral Development Banks | AAA | | | In-house and Fund Managers | | 3 years | 40% |
| Sovereign Bond Issues (other than UK Government) | AAA | | | Fund Managers | | | |
| Bond Funds | AAA | | | Fund Managers | | | |

Non-Specified Investments with Maturities of Any Period: From time to time in periods of volatile interest rates, the Council may invest in non-specified investments with variable rates and variable maturities:

| Organisation | Minimum Credit Criteria | Use | Maximum Maturity Period & Limit |
|---|-------------------------|--------------------------|---------------------------------|
| Local Authority mortgage guarantee scheme | AAA | Fund Manager In-house | 5 years 25% |

Key

Short Term Ratings F1 – Indicates the strongest capacity for timely repayment

Long Term Ratings A – Capacity for payment of commitments considered strong
 AA – Very strong capacity for payment of commitments
 AAA – Exceptionally strong capacity for payment of commitments

Individual Rating B – Strong organisation, no major concerns.
 C – Adequate organisation, some concerns regarding its profitability and Balance Sheet.

Support Rating 1 – There is an extremely high probability of external support.
 2 – High probability of external support
 3 – Moderate probability of support

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Approved countries for investments

Credit Rating as at 31 January 2013 - AAA

Australia
Canada
Denmark
Finland
Germany
Luxembourg
Netherlands
Norway
Singapore
Sweden
Switzerland
U.K.

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**Treasury Management Scheme of Delegation and
Section 151 Officer Responsibilities**

Treasury management scheme of delegation

(i) Full board/council

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

(ii) Boards/committees/council/responsible body

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

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

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

The treasury management role of the section 151 officer

The S151 (responsible) officer

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

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Economic Background

The Global economy

The Eurozone debt crisis has continued to cast a pall over the world economy and has depressed growth in most countries. This has impacted the UK economy which is unlikely to grow significantly in 2012 and is creating a major headwind for recovery in 2013. Quarter 2 of 2012 was the third quarter of contraction in the economy; this recession is the worst and slowest recovery of any of the five recessions since 1930. A return to growth @ 1% in quarter 3 is unlikely to prove anything more than a washing out of the dip in the previous quarter before a return to weak, or even negative, growth in quarter 4.

The **Eurozone sovereign debt crisis** has abated somewhat following the ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bailout. The immediate target for this statement was Spain which continues to prevaricate on making such a request (for a national bailout) and so surrendering its national sovereignty to IMF supervision. However, the situation in Greece is heading towards a crunch point as the Eurozone imminently faces up to having to relax the time frame for Greece reducing its total debt level below 120% of GDP and providing yet more financial support to enable it to do that. Many commentators still view a Greek exit from the Euro as inevitable as total debt now looks likely to reach 190% of GDP i.e. unsustainably high, unless the Eurozone were to accept a major write down of Greek debt. The possibility of a write down has now been raised by the German Chancellor, but not until 2014-15, and provided the Greek annual budget is in balance.

Sentiment in financial markets has improved considerably since this ECB action and recent Eurozone renewed commitment to support Greece and to keep the Eurozone intact. However, the foundations to this "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse.

The **US economy** has only been able to manage weak growth in 2012 despite huge efforts by the Federal Reserve to stimulate the economy by liberal amounts of quantitative easing (QE) combined with a commitment to a continuation of ultra low interest rates into 2015. Unemployment levels have been slowly reducing but against a background of a fall in the numbers of those available for work. The fiscal cliff facing the President at the start of 2013 has been a major dampener discouraging business from spending on investment and increasing employment more significantly in case there is a sharp contraction in the economy in the pipeline. However, the housing market does look as if it has, at long last, reached the bottom and house prices are now on the up.

Hopes for a broad based recovery have, therefore, focused on the **emerging markets**. However, there are increasing concerns over flashing warning signs in various parts of

the Chinese economy that indicate it could be in risk of heading for a hard landing rather than a gradual slow down.

The UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order, have now had to be extended in the autumn statement over a longer period than the original four years. Achieving this new extended time frame will still be dependent on the UK economy returning to a reasonable pace of growth towards the end of this period. It was important for the Government to retain investor confidence in UK gilts so there was little room for it to change course other than to move back the timeframe.

Currently, the UK is enjoying a major financial benefit from some of the lowest sovereign borrowing costs in the world as the UK is seen as a safe haven from Eurozone debt. There is, though, little evidence that consumer confidence levels are recovering nor that the manufacturing sector is picking up. On the positive side, growth in the services sector rebounded in Q3 and banks have made huge progress since 2008 in shrinking their balance sheets to more manageable levels and also in reducing their dependency on wholesale funding. However, availability of credit remains tight in the economy and the Funding for Lending scheme, which started in August 2012, has not yet had time to make a significant impact. Finally, the housing market remains tepid and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. Economic growth has basically flat lined since the election of 2010 and, worryingly, the economic forecasts for 2012 and beyond were revised substantially lower in the Bank of England Inflation quarterly report for August 2012 and were then further lowered in the November Report. Quantitative Easing (QE) was increased again by £50bn in July 2012 to a total of £375bn. Many forecasters are expecting the MPC to vote for a further round of QE to stimulate economic activity regardless of any near-term optimism. The announcement in November 2012 that £35bn will be transferred from the Bank of England's Asset Purchase Facility to the Treasury (representing coupon payments to the Bank by the Treasury on gilts held by the Bank) is also effectively a further addition of QE.

Unemployment. The Government's austerity strategy has resulted in a substantial reduction in employment in the public sector. Despite this, total employment has increased to the highest level for four years as over one million jobs have been created in the private sector in the last two years.

Inflation and Bank Rate. Inflation has fallen sharply during 2012 from a peak of 5.2% in September 2011 to 2.2% in September 2012. However, inflation increased back to 2.7% in October though it is expected to fall back to reach the 2% target level within the two year horizon.

AAA rating. The UK continues to enjoy an AAA sovereign rating. However, the credit rating agencies will be carefully monitoring the rate of growth in the economy as a

disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years.

Sector's forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains relatively fragile and whilst there is still a broad range of views as to potential performance, expectations have all been downgraded during 2012. Key areas of uncertainty include:

- the potential for the Eurozone to withdraw support for Greece at some point if the Greek government was unable to eliminate the annual budget deficit and the costs of further support were to be viewed as being prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment; the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that are unlikely to be achieved;
- the risk of the UK's main trading partners, in particular the EU and US, falling into recession ;
- stimulus packages failing to stimulate growth;
- elections due in Germany in 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.
- the potential for action to curtail the Iranian nuclear programme
- the situation in Syria deteriorating and impacting other countries in the Middle East

The focus of so many consumers, corporates and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.

Given the weak outlook for economic growth, Sector sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. The interest rate forecast in this report represents a balance of downside and upside risks. The downside risks have already been commented on. However, there are specific identifiable upside risks as follows to PWLB rates and gilt yields, and especially to longer term rates and yields: -

- UK inflation being significantly higher than in the wider EU and US causing an increase in the inflation premium in gilt yields
- Reversal of QE; this could initially be allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held
- Reversal of Sterling's safe haven status on an improvement in financial stresses in the Eurozone
- Investors reverse de-risking by moving money from government bonds into shares in anticipation of a return to worldwide economic growth
- The possibility of a UK credit rating downgrade (Moody's has stated that it will review the UK's AAA rating at the start of 2013).

ASSEMBLY

25 February 2013

| | |
|--|--|
| Title: Pay Policy Statement 2013/14 | |
| Report of the Cabinet Member for Adult Services and Human Resources | |
| Open Report | For Decision |
| Wards Affected: None | Key Decision: Yes |
| Report Author: Martin Rayson, Divisional Director Human Resources and Organisational Development | Contact Details: Tel: 020 8227 3113 E-mail: martin.rayson@lbbd.gov.uk |
| Accountable Divisional Director: Martin Rayson, Divisional Director Human Resources and Organisational Development | |
| Accountable Corporate Director: Graham Farrant, Chief Executive | |
| <p>Summary:</p> <p>Under the terms of the Localism Act 2011 the Council must agree before the start of the new financial year a pay policy statement covering chief officer posts and above. The Act sets out matters which must be covered under the policy.</p> <p>In addition in November 2011, the Council's Cabinet agreed that no member of staff in a substantive post should be paid less than the London Living Wage (LLW). The Mayor of London announced in November 2012 that the LLW would increase to £8.55 per hour (from £8.30). At its meeting on 12 February 2013 Cabinet agreed that as of 1 January 2013, no permanent member of the Council's staff or agency staff working on Council assignments should be paid less than £9 per hour (excluding those on apprenticeship schemes). This supports the Council's ambition to raise average household incomes</p> <p>The draft Pay Policy Statement for 2013/14 is included at Appendix A.</p> <p>The Cabinet considered the draft Policy at its meeting on 12 February 2013 and has recommended its adoption to the Assembly</p> | |
| <p>Recommendation(s)</p> <p>The Assembly is recommended to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2013/14, for publication with effect from 1 April 2013, as attached at Appendix A to the report.</p> | |
| <p>Reason(s)</p> <p>Under the terms of the Localism Act 2011 the Assembly must agree a pay policy statement in advance of the start of each financial year.</p> | |

1. Introduction and Proposal

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for senior staff (chief officers) to be agreed by all Councillors at an Assembly meeting, before the beginning of each financial year. This policy is timetabled to go to Assembly on 25 February 2013.
- 1.2 The Council produced its first pay policy statement for the 2012/13 financial year and this document follows the same format. The definition of “chief officers” covers the Chief Executive, Corporate Directors and Divisional Directors. The matters that must be included in the pay policy statement are a council’s policy on:
- The level and elements of remuneration for each chief officer.
 - The remuneration of its lowest-paid employees (together with its definition of “lowest-paid employees” and its reasons for adopting that definition).
 - The relationship between the remuneration of its chief officers and other officers.
 - Other specific aspects of chief officers’ remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.
- 1.3 The Localism Act defines remuneration widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments.
- 1.4 The pay policy statement:
- Must be approved formally by the Council (Assembly) meeting itself
 - Must be approved by the end of March each year, starting with 2012
 - Can be amended in-year
 - Must be published on the Council’s website (and in any other way the Council chooses)
 - Must be complied with when the Council sets the terms and conditions for a chief officer.
- 1.5 The statement has been updated to take account of changes during the course of the year, notably:
- The sharing of the Chief Executive post with Thurrock Borough Council
 - The decision to keep the post of Corporate Director – Finance and Resources vacant
 - The deletion of the post of Divisional Director – Adult Commissioning
 - The appointment to the Director post following the transfer of the public health function (see Section 6)
 - The appointment of the new Head of Legal and Democratic Services, a shared post with Thurrock Council
- 1.6 The Chief Executive will continue to review senior management levels during 2013 and, in particular, will explore opportunities to share posts with Thurrock Borough Council. The JNC Pay Panel is meeting on 6 March 2013 to review levels of pay for

senior staff. Any changes agreed following consultation with those staff affected, would be reflected in a revised pay policy statement brought to Assembly at a later date.

2. Pay Rates of Lowest Paid Staff

- 2.1 In Section 12 of the Pay Policy Statement, reference is made to “fairness” and the decision of the Council in November of 2011 that no member of staff at LBBB (i.e. excluding apprentices) would receive less than the LLW, which at the time was £8.30 per hour. As of 1 January 2012, therefore relevant pay scales were uplifted. In the spring of 2012 the Council agreed that no agency staff working for the Council should be paid less than the LLW. An appropriate clause was therefore added to the new contract for agency staff with Adecco, which had a start date of June 2012.
- 2.2 At the beginning of November 2012 the Mayor of London announced that the London Living Wage (LLW) would increase to £8.55 per hour. No specific date was given for its implementation. In reviewing the position of the Council consideration has been given as to the extent to which an increase for the Council lowest paid staff to £8.55 is sufficient to ensure “fairness” in pay and supports the Council’s ambition to increase average household incomes.
- 2.3 Councillors have made clear their intention that lowest-paid staff should receive help in these tough times – over and above the level recommended by the Mayor of London. This takes account of the uniquely challenging settlement for local government and the impact this has on lower paid staff. It is recommended, therefore, that the Council increases the rate of pay of its lowest paid permanent staff to the equivalent of at least £9 per hour (and annual salary of £16,425). It is further proposed that this increase be backdated to 1 January 2013.
- 2.4 This decision would benefit over 1,500 staff. The annual cost to the Council of increasing the pay of permanent staff is £314,000. The cost of paying £9 an hour to staff on agency contracts with the Council is estimated to be up to £100,000 annually. Implementation of the decision from 1 January 2013 adds an additional pressure to 2012/13 budgets of approximately £78,500, which services believe they can absorb.

3. Financial Issues

Implications completed by: Jonathan Bunt, Divisional Director, Finance

- 3.1 The annual cost to the Council of increasing pay rates to at least £9 per hour, based on the Council’s current staffing structure, is set out in the table below:

| | No. Staff | Add Cost of £9/hr | Add Cost of £9/hr (inc on-costs) |
|---------------------------------|-----------|-------------------|----------------------------------|
| Chief Executive | 1 | £38 | £48 |
| Adult & Community Services Dept | 25 | £5,555 | £6,946 |
| Children & Young People | 1,179 | £105,749 | £132,215 |

| | | | |
|-----------------------|--------------|-----------------|-----------------|
| Finance And Resources | 319 | £140,057 | £175,005 |
| Housing & Environment | 1 | £134 | £168 |
| Total | 1,525 | £251,533 | £314,382 |

3.2 An additional £1m has been included in the budget to cover the potential cost of a 1% pay award, which may be agreed as part of the national negotiations on pay. There is not currently, however, any specific provision in the 2013/14 budget for the extra cost to service budgets of raising the minimum hourly rate to £9, but the wider economic and social benefits associated with increasing pay rates at the bottom of the Council's pay scales is believed to outweigh the cost.

3.3 The options to fund the estimated £314,000 pressure are:

- To reduce the headroom in the agreed 2013/14 budget thereby increasing the overall budget gap for 2013/14 to 2014/15; or
- To fund from corporate contingency thereby reducing the available funds in 2013/14 to absorb any unforeseen pressures or invest in new corporate priorities and initiatives.

The additional pressure caused by implementing this increase during the 2012/13 budget year can be absorbed within existing budgets.

3.4 Where the staff impacted by this increase in pay work in services that are traded to schools or other bodies, the fee structure for those services will need to be considered as it currently operates on the principle of full cost recovery. There is a potential risk to those income budgets if the additional costs make the services uncompetitive on price and lead to a reduction in the value for money offered.

3.5 There are no additional budget pressures caused by the agreement of the Pay Policy Statement, as this reflects the current position on pay.

Legal Issues

Implications completed by: Fiona Taylor, Head of Legal and Democratic Services

4.1 This report outlines our obligations with regards to senior officer pay and in particular in relation to the information to be provided pursuant to section 38 of the Localism Act. Legal comments are included in this report.

5. Other Implications

5.1 **Risk Management** – There are no risks attached to this statement as attached as it describes the current position.

5.2 **Contractual Issues** – This statement makes no changes to employees' contractual position.

5.3 **Staffing Issues** – The staffing issues are fully explored within the main body of the report.

Background Papers Used in the Preparation of the Report:

- Localism Act 2011
- Cabinet Report, 14 February 2012: Pay Policy Statement 2013/14

List of appendices:

Appendix A – Pay Policy Statement 2013/14

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LONDON BOROUGH OF BARKING AND DAGENHAM

PAY POLICY STATEMENT 2013/14

1. Introduction – Requirement for Council Pay Policy Statement

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement to be agreed by members before the beginning of each financial year. The Act does not apply to local authority schools. This document meets the requirements of the Act for the London Borough of Barking and Dagenham. The Council agreed its first Pay Policy in March 2012 and this is the second, to cover the 2013/14 financial year.
- 1.2 The provisions of the “Act” require that councils are more open about their own local policies and how their local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold: responding to public demand; releasing data in open formats available for re-use, and, releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.

2. Pay and Reward Principles

- 2.1 The Council recognises that to achieve its objectives for the communities it serves, it needs to be able to attract and retain talented people at all levels of the organisation. The Council’s People Strategy sets out a range of actions the Council will take to ensure that we have

“the right people, with the right skills in the right places, with the right kinds of management and leadership, motivated to perform well”

- 2.2 Whatever their role, the Council seeks to ensure that every member of staff is valued and remunerated on a fair and just basis. Our approach to pay is designed to ensure:
- Pay levels are affordable for the Council, at a time when we are making some very difficult decisions about spending on services to the community;
 - We can demonstrate fairness and equity in what we pay people at different levels and in different parts of the Council; and
 - Pay is set at levels which enable us to recruit and retain the quality of staff we need to help us achieve our objectives at a time of financial hardship.

- 2.3 The Council remains committed to being part of the local government national pay negotiation structure (overseen by the National Joint Council). The Council has also committed to pay all its employees in substantive posts an annual salary, which is at least the equivalent of the London Living Wage.
- 2.4 Pay levels are determined through a job evaluation system. For staff at PO6 and below we generally use the Greater London Provincial Council job evaluation system. For posts at PO7 and above in most cases we use the HAY job evaluation system. Pay point 49 (£43,368) is at the top of PO6 and bottom of PO7. Each system assesses the relative “size” of the role against a range of criteria, relating to its complexity, the number of resources managed and the knowledge required to undertake the role.
- 2.5 Pay rates are generally set against the national pay spine agreed by the National Joint Council (although there are a few exceptions).

3. Defining “Chief Officers”

- 3.1 The implementation of savings plans has seen a reduction in the number of “chief officer” posts year on year. At the start of the 2013/14 financial year, the Council will employ the following number of Chief Officers:

| | |
|----------------------|--|
| Chief Executive | - 0.5 (shared with Thurrock Council) |
| Corporate Directors | - 3 |
| Divisional Directors | - 13.5 (one post shared with Thurrock Council) |

Where posts are shared with another council, this Council (LBBD) makes a regular payment to that council for the services provided

4. Accountability for Chief Officers Pay

- 4.1 The pay arrangements for chief officers are overseen by a Panel (called the JNC Salaries and Conditions Panel) appointed by the Council’s Assembly.
- 4.2 The Council’s constitution sets out the responsibilities and composition of the Panel and states:

JNC Salaries and Conditions Panel - consisting of the Leader and Deputy Leader of the Council (as Chair and Deputy Chair respectively), the relevant Portfolio Holder(s), the Cabinet Member for Finance, Revenues and Benefits, plus at least two other councillors to consider and make final decisions in relation to salaries and conditions for JNC officers (including the Chief Executive) and the grading of any new JNC posts in line with Council policy.

5. Current Pay Policy and Base Pay Rates

5.1 Setting Salary Levels

- 5.1.1 All chief officer roles are evaluated using the HAY job evaluation system. Spot salary levels were set for chief officer roles in 2008. There is a commitment to

review salary levels every three years. In undertaking reviews, account is taken of the market, particularly the market in London.

- 5.1.2 In 2008 salaries were set at the top of the third quartile in comparison with equivalent roles in London at that time. This reflected the fact that whilst the London Borough of Barking and Dagenham is one of the smaller boroughs in terms of population, it is a community that faces significant challenges and therefore the view was taken that we needed to attract a good choice of senior staff with the appropriate skills and experience.
- 5.1.3 All Divisional Director salaries were reviewed in December 2010, following structural changes made in preparation for the 2011/12 financial year. Corporate Director salaries have not been reviewed since 2008. A recent review suggests that in most cases the salary levels for Directors and Divisional Directors are around the median level for posts around London and it is appropriate to pay at that level (rather than at the top of the third quartile as they were in 2008), given the state of the employment market and the pressure on LBBDD budgets.

5.4 **Chief Executive**

The current Chief Executive was appointed on an interim basis in July 2012. The post is shared with Thurrock Council and the salary paid by Thurrock to the post holder is £185,000. The cost to this Council is therefore £92,500 annually. The previous Chief Executive was on a salary of £150,000 and the Council is therefore making a saving of around £75,000 when on-costs are taken into account.

5.5 **Corporate Directors**

The three remaining Corporate Directors are on the following salary points:

| | | |
|------------------------------------|--------------------------------|------------|
| Adult and Community Services | Chief Officers.CH IEFO.0 | 131,757.00 |
| Children's Services | Chief Officers.CH IEFO.0 | 131,757.00 |
| Housing & Environment | Chief Officers.CH IEFO.0 | 131,757.00 |

The post of Corporate Director Finance and Resources, which became vacant when the previous post holder left in September 2012, has not been filled. The salary paid to that individual was £145,000.

5.6 **Divisional Directors**

There are four spot salary levels for these posts:

| | |
|---------------|---------|
| CO1 - £70,332 | 0 posts |
| CO2 - £78,740 | 1 post |

| | |
|----------------|-----------|
| CO3 - £89,763 | 8.5 posts |
| CO4 - £108,661 | 3 posts |

It is appropriate for there to be some differentiation in pay levels at Divisional Director level because of the differing amounts of risk and responsibility being carried at that level. The 0.5 post is shared with Thurrock Council who reimburse this Council for 50% of the cost.

6. Director of Public Health

- 6.1 Following the transfer of responsibility for public health to local authorities, we have from 1st April 2013, established a Director of Public Health post. The post holder will transfer across from the NHS on current pay (£90,000) and terms and conditions, under TUPE.

7. Contingent Pay

- 7.1 The Council pays its Chief Officers a spot salary. There is no element of performance pay, nor are any bonuses paid. No overtime is paid to Chief Officers. There are no lease car arrangements.

- 7.2 There are three additional historic payments made to senior staff over and above basic salary:

Divisional Director of Finance - £3,237 per annum (market supplement)

Divisional Director of Complex Needs and Social Care - £10,000 per annum (market supplement)

Divisional Director of Housing Strategy - £257.52 per annum (experience and length of service payment)

8. Pensions

- 8.1 All Council employees are eligible to join the Local Government Pension Scheme. The Council does not enhance pensionable service for its employees either at the recruitment stage or on leaving the service, except in certain cases of retirement on grounds of permanent ill-health where the strict guidelines specified within the pension regulations are followed.

9. Other Terms and Conditions

- 9.1 Employment conditions and any subsequent amendments are incorporated into employees' contracts of employment. Chief Officer contracts state:

"Where adopted by the Council for your employment group and unless otherwise indicated in this statement, your terms and conditions of employment are as set out in the NJC (National Joint Council) for Local Government Services otherwise called the "Green Book". These terms and conditions may be supplemented by agreements reached collectively at the Greater London Provincial Council and at the Council's Employee Joint Consultative Committee."

9.2 The Council's employment policies and procedures and terms and conditions are reviewed on a regular basis in the light of service delivery needs and any changes in legislation.

10. Election Expenses

10.1 The fees paid to Council employees for undertaking election duties vary according to the type of election they participate in and the nature of the duties they undertake. All election fees paid are additional to Council salary and are subject to normal deductions for tax.

10.2 Returning Officer duties (and those of the Deputy Returning Officer) are contractual requirements but fees paid to them for national elections / referendums are paid in accordance with the appropriate Statutory Fees and Charges Order.

11. Termination / Severance Payments

11.1 Employees who leave the Council, including the Chief Executive and Chief Officers, are not entitled to receive any payments from the Council, except in the case of redundancy or retirement as indicated below.

11.2 Retirement

11.2.1 Employees who contribute to the Local Government Pension Scheme who elect to retire at age 60 or over are entitled to receive immediate payment of their pension benefits in accordance with the Scheme. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme with the permission of the Council in specified circumstances from age 55 onwards and on grounds of permanent ill-health at any age.

11.2.2 The Council will consider applications for flexible retirement from employees aged 55 or over on their individual merits and in the light of service delivery needs.

11.3 Redundancy

11.3.1 Employees who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on their actual salary. The standard London Borough of Barking and Dagenham redundancy scheme applies to Chief Officers. The scheme was amended in November 2011 and a maximum of 45 weeks of actual pay is payable depending on length of service. This scheme may be amended from time to time in accordance with the Council's Constitution

11.4 Compromise Agreements

11.4.1 Where an employee leaves the Council's service in circumstances which are, or would be likely to, give rise to an action seeking redress through the Courts from the Council about the nature of the employee's departure from the Council's employment, the Council may settle such claims by way of compromise agreement where it is in the Council's interests to do so. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Should such a matter involve the

departure of a Director or the Chief Executive it will only be agreed following external legal advice that it would be lawful and reasonable to pay it.

12. Fairness

- 12.1 In November 2011, the Council's Cabinet agreed that no member of staff in a substantive post should be paid less than the London Living Wage. In November 2012 the Mayor of London announced that the London Living Wage would increase to £8.55 per hour (from £8.30). Cabinet have agreed that as of 1 January 2013, no permanent member of the Council's staff should be paid less than £9 per hour (excluding those on apprenticeship schemes). This supports the Council's ambition to raise average household incomes and believes this to be an important statement in terms of pay fairness. The Council has also agreed that this should apply to all agency staff working on Council assignments.
- 12.2 The equivalent annual salary to £9 per hour is £16,425. Based on this figure, the Council's pay multiple - the ratio between the highest paid employee and lowest paid employee - is now 1:8 (previously 1:10), if we consider the Council's highest paid employees to be the Corporate Directors on salaries of £131,757 per annum. However if we take the Chief Executive's full salary as the comparator, the ratio has increased to 1:11.26.
- 12.3 The ratio between the taxable earnings for the Corporate Directors' salaries and the median earnings figure for all employees in the Council is 1:6.5 (1:9.15 when compared to the Chief Executive's full salary). The median earnings figure is for all employees as at December 2012 was £20,205 pa.
- 12.4 The table below gives a comparison of the ratio of highest to median salary in other London Boroughs, where information is available:

| Ratio | Number |
|----------------------|---------------|
| 1:10 and above | 5 |
| Between 1:7 and 1:10 | 7 |
| Between 1:5 and 1:7 | 12 |

13. Any Additional Reward Arrangements

- 13.1 There are none in place.

If there are any enquiries about these arrangements please apply to Martin Rayson, Divisional Director, Human Resources and Organisational Development (martin.rayson@lbbd.gov.uk)

ASSEMBLY

25 February 2013

| | |
|--|---|
| Title: Constitutional Arrangements for the Health & Wellbeing Board | |
| Report of the Cabinet Member for Health | |
| Open Report | For Decision |
| Wards Affected: All | Key Decision: Yes |
| Report Author: Mark Tyson, Group Manager, Service Support & Improvement | Contact Details: Tel: 020 8227 2875 E-mail: mark.tyson@lbbd.gov.uk |
| Accountable Divisional Director: Glynis Rogers, Divisional Director, Community Safety & Public Protection | |
| Accountable Director: Anne Bristow, Corporate Director of Adult & Community Services | |
| <p>Summary:</p> <p>The Health & Social Care Act 2012 introduced a statutory requirement for the Council to form a Health & Wellbeing Board, which will be an executive committee of the Council. Regulations have been published that further specify elements of the Board's operation. The Board has been operating in shadow form since November 2010, during which time the future statutory status of the Board has been discussed on a number of occasions, both at the Board and in other forums. The resulting proposed entries to the constitution therefore take account of the views of partners as well as the statutory requirements.</p> <p>This report proposes the main entries to the Constitution (attached at Appendices A & B) to cover the operation of the Health & Wellbeing Board in order that the Council can meet its statutory obligations.</p> | |
| <p>Recommendation(s)</p> <p>The Assembly is recommended to agree:</p> <ul style="list-style-type: none"> (i) Inclusion of the sections into the Constitution as set out in appendices A and B. (ii) To receive a further report of any subsequent amendments required as part of the report to Annual Assembly in May 2013. (iii) Note the expectation that the Health & Wellbeing Board will be subject to the scrutiny process, principally by the Health & Adult Services Select Committee. (iv) To delegate to the Council's Monitoring Officer to make any necessary consequential amendments to other areas of the Constitution, such as the Scheme of Delegation. | |
| <p>Reason(s)</p> <p>The constitutional amendments have been drafted so as to give effect to the statutory requirement placed on the Council to create a Health & Wellbeing Board. Approval at February's meeting of the Assembly will meet the statutory timescale of 1 April 2013 for introducing a Health & Wellbeing Board.</p> | |

1.0 Introduction

- 1.1 Barking & Dagenham's Shadow Health & Wellbeing Board was established in November 2010. The 'shadow' designation indicated that it was an interim arrangement pending Royal Assent for the Health & Social Care Act 2012, and publication of final regulations on the running of the Board.
- 1.2 The form of the future operation of the Health & Wellbeing Board has been shaped following a number of discussions at the Shadow Health & Wellbeing Board, as well as directly with partners. This also takes account of statutory requirements laid down in the Health & Social Care Act 2012 and in the regulations that followed it.
- 1.3 The Health & Wellbeing Board will be an important new structure, within which the Council and its partners can work jointly on improving local health and social care services, and on improving the health and wellbeing of the local population. It is part of a series of reforms laid out in the Health & Social Care Act 2012, which together provide the Council with a central role in co-ordinating local health and social care activity. As a mechanism for democratic leadership of health and wellbeing locally, the new Board sits alongside the commissioning of patient involvement and advocacy services (principally the new 'Healthwatch' service), the Council's new responsibilities for leadership of public health, and the long-standing powers of health scrutiny.
- 1.4 The establishment of the Health & Wellbeing Board is governed by sections 194-197 of the Act, which specify that the Council must have a Health & Wellbeing Board. The Health & Wellbeing Board will be a committee of the local authority, as though under Section 102 of the Local Government Act 1972. Subsequent regulations (*The Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013*) clarify specific elements of this enactment, disapplying those provisions of the Local Government Act not deemed appropriate to the particular circumstances of Health & Wellbeing Boards. In particular, the regulations remove the necessity of ensuring political balance on the Health & Wellbeing Board; remove disqualifications for non-Elected Members from participating in the Board (except on grounds of bankruptcy or serious criminal conviction); provide an option around non-Elected Members being voting members; and permit the delegation of functions to sub-committees.

2. Proposal and Issues

The functions of the Health & Wellbeing Board

- 2.1 The constitutional amendments at appendices A and B set out a proposed role for the Board which adopts the statutory requirements and adds selected further responsibilities.
- 2.2 In terms of function, the Health & Social Care Act expects of the Health & Wellbeing Board that it:
 - Must encourage all those who arrange the provision of health and social care services to work together in an integrated manner;

- Must provide advice, assistance, support and encouragement to organisations making joint commissioning/provision arrangements through Section 75 of the NHS Act 2006;
- May encourage those who arrange provision of health-related services to work closely with the Health & Wellbeing Board ('health-related services' are those, such as housing, which are not health services in themselves, but which have a significant impact on health);
- Must discharge the duty on the Council and Clinical Commissioning Group jointly to prepare and publish a Joint Strategic Needs Assessment and a Health & Wellbeing Strategy (these are, in many respects, the Board's most immediately visible functions);
- Can request appropriate information from the local authority, or from any person represented on the Board, and they must provide it.

2.3 In addition, the Act allows that the Board may take on any of the functions that are exercised by the local authority, should the local authority wish. Locally, it has been proposed that the Health & Wellbeing Board discharge the Council's responsibilities for:

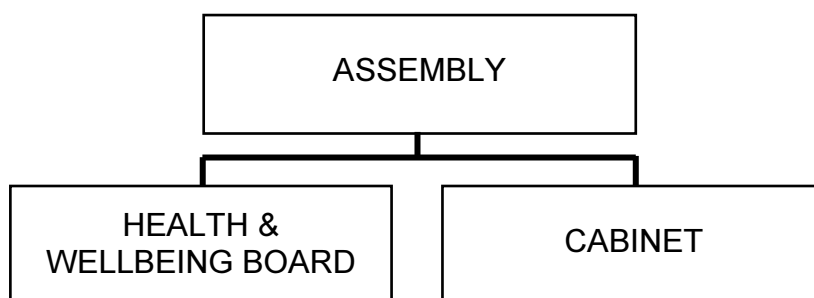
- the tender process for the provision of local Healthwatch, and subsequent decisions as to its performance;
- approving a Local Account for Adult Social Care, and similar annual reports to the local community on social care performance.

2.4 In addition, the functions of the Board are proposed as including the final authorisation of joint commissioning contracts with local NHS organisations (under Section 75 and 256 of the NHS Act 2006) on behalf of the Council. Further, it is proposed that the Health & Wellbeing Board exercise the functions currently allotted to Cabinet for the approval of contracts where the funding source is principally the Public Health Grant or social care budgets. This would only be permissible where the resources had already been allocated within the Council's budget for the purposes described in the agreement. Where there are matters of doubt over the appropriate route for a contract approval, the terms of reference propose that this should be determined by the relevant Corporate Director in consultation with the relevant Cabinet Member(s) and the Chair of the Board.

Reporting Lines for the Board and relationship to other committees

2.5 The Act requires that the Board will be a part of the structure of Council governance, whereas until now it has been seen a partnership board, reporting through the Local Strategic Partnership. This is a different position to other statutory committees such as the Community Safety Partnership.

2.6 As a Section 102 Committee, the relationship of the Health & Wellbeing Board to Cabinet and to Assembly is indicated in the following diagram:



2.7 This means that the Health & Wellbeing Board can act as would Cabinet for those matters that are reserved to it in the Constitution. The Council's principles of transparency and access to information will apply to the Health & Wellbeing Board.

2.8 This further means that the Health & Wellbeing Board will be subject to call-in and scrutiny in the same way that applies to decisions of Cabinet. The legislation is clear that the health scrutiny function remains as a separate entity to the Health & Wellbeing Board. It is assumed that the Health & Adult Services Select Committee would be the usual route for scrutinising matters raised through the Health & Wellbeing Board, but other select committees may also play a role.

Membership

2.9 The proposed membership is as follows (an * indicates members required by the Health & Social Care Act):

- Cabinet Member for Health, Chair *
- Cabinet Member for Adult Services & HR
- Cabinet Member for Children's Services
- Cabinet Member for Finance
- The Director of Adult Social Services *
- The Director of Children's Services *
- The Director of Public Health *

- A member appointed by local Healthwatch *

- Chair of the Clinical Commissioning Group *
- Further Board-level GP appointment from the Clinical Commissioning Group
- Accountable Officer for the Clinical Commissioning Group

- Executive Director level appointment from Barking, Havering & Redbridge University Hospitals NHS Trust
- Executive Director level appointment from North East London Foundation NHS Trust

- Borough Commander, Metropolitan Police Service

The Act requires that one councillor and one Clinical Commissioning Group representative are appointed to the Board, the identification of specific posts, as outlined above, is a local decision.

- 2.10 Members may wish to note particularly that, under the statutory arrangements, the Council's places on the Board are shared between Members and officers, and the regulations disapply Section 80(1)(a) of the Local Government Act 1972 to permit this. The regulations also disapply requirements in the Local Government Act 1972 around political balance amongst appointed Elected Members.
- 2.11 The regulations enable all members of the committee, whether or not Members of the Authority, and including Council officers, to exercise a vote in connection with decisions of the Board, but provide an option to the Council about whether this is enacted. All members of the Board (whether or not Elected Members of the Council) will be bound by the Code of Conduct and the procedure for declaring interests.
- 2.12 Once established, the Board can vary its own membership under the terms of the Act. For the Council to vary the membership of the Board after its establishment, it must first consult the Board.

3. Options Appraisal

- 3.1 The establishment of a Health & Wellbeing Board is a statutory requirement under the Health & Social Care Act 2012, with much of its terms of reference and core membership set out in the legislation. Secondary legislation further establishes some of the terms under which the Board will operate.
- 3.2 There is an alternative option to leave responsibilities and/or membership at the statutory minimum requirement, but discussions with the Board have consistently emphasised the importance of tailoring the approach to ensure that the Board is set up to deliver in Barking & Dagenham's best interests.

4. Consultation

- 4.1 The future structure and function of the Health & Wellbeing Board has been the subject of a number of discussions at Shadow Health & Wellbeing Board meetings over the past year, including specific development days. All proposed members of the statutory Board have indicated their agreement to taking up their places.
- 4.2 There has been consultation with the Cabinet over the options proposed for membership and terms of reference, and they have indicated their approval.
- 4.3 A number of discussions have taken place with the Clinical Commissioning Group over their representation on the Board, outside of the discussions at the Shadow Health & Wellbeing Board.

5. Financial Implications

Implications completed by: Dawn Calvert,
Group Manager (Finance, Adults & Children)

- 5.1 There are no direct financial implications to this report. The work of the Health and Wellbeing Board must be contained within current resources.

6. Legal Implications

Implications completed by: David Lawson,
Deputy Head of Legal & Deputy Monitoring Officer

- 6.1 The requirement of s.194 (11) of the Health and Social Care Act 2012 is that the Health & Wellbeing Board must be “a committee of the local authority which established it and, for the purposes of any enactment, is to be treated as if it were a committee appointed by that authority under section 102 of the Local Government Act 1972”. To comply with the statutory provision the Health & Wellbeing Board must become a committee in its own right rather than a sub-committee, or its work being absorbed by another existing committee.
- 6.2 The HSCA 2012 is prescriptive of the minimum membership of Health & Wellbeing Boards. The local authority has power to add members to the Health & Wellbeing Board as it sees fit. The Health & Wellbeing Board as a statutory Council committee will be accountable to the full Council and are also subject to overview and scrutiny functions.
- 6.3 The regulations published in January 2013:
- Modify the relevant section of the 1989 Act to make it clear that key members of the H&WB (those prescribed in section 194 of the 2012 Act) could vote alongside the nominated elected representatives;
 - Disapply the provisions requiring political balance and this matter is left to local determination;
 - Retain the existing committee membership disqualifications but disapply or modify the disqualification that would prevent officers from being members of the board.

7. Other Implications

7.1 Risk Management

The responsibilities proposed for the Board represent a balance of widening the scope of the Board with ensuring that there are no requirements that are deemed to be unmanageable. Advice has been sought on the establishment of the Board, and guidance from pan-London and national organisations has been used.

7.2 Contractual Issues

The Health & Wellbeing Board proposals contain no contracts specifically, but Members should note that the proposed terms of reference include authority for the

Health & Wellbeing Board to sign off agreements between the Council and the NHS under Sections 75 and 256 of the National Health Service Act 2006. The terms of reference also allow the Health & Wellbeing Board to authorise the letting of some contracts where the funding source is principally the Public Health Grant or social care resources.

7.3 Staffing Issues

There is minimal staffing impact, other than the requirement that the establishment of the Board will place on the Council to service its operation. This has been absorbed into existing posts, notwithstanding the reducing numbers of support officers, and so is contained within the existing staffing establishment.

7.4 Customer Impact

The Health & Wellbeing Board represents an opportunity to improve the co-ordination of services designed to improve residents' health and wellbeing. With Healthwatch as a core member of the Board, it will bring the views of service users and patients together with the plans and proposals of commissioners from both the Council and the Clinical Commissioning Group. Whilst the Board does not, ultimately, commission services directly, it will provide a mechanism for challenging commissioners to think more widely and creatively about the services that they are planning and overseeing.

7.5 Safeguarding Children and Vulnerable Adults

Responsibility for establishing standards and challenging local partners on their practice around safeguarding children and vulnerable adults remains firmly with the Local Safeguarding Children Board and the Safeguarding Adults Board. However, the creation of the Health & Wellbeing Board will strengthen the partnership around health and social care services, and serve as an additional base from which to develop joint work and protocols on safeguarding, as well as a further arena in which concerns about institutional culture and practice can be aired and worked through. Inclusion of providers on the Board will further ensure that frontline practice continues to inform strategic decision-making and discussion.

7.6 Health Issues

The Board's primary remit is to promote integration of services and their consequent improvement, bringing together the major commissioners, providers and public and patient engagement leads. The Board is the 'owner' of the Joint Strategic Needs Assessment and the Health & Wellbeing Strategy and, as such, will be a strong champion for the improvement of local health and social care services.

The Health & Wellbeing Board is a critical part of making the health reforms set out in the Health & Social Care Act 2012 work, bringing a democratic accountability to all partners' joint work on improving health, and improving the health and social care services that local residents receive.

7.7 Crime and Disorder Issues

A number of issues have both health and crime and disorder impacts, including domestic violence and alcohol use, and they feature strongly in both the Health & Wellbeing Strategy and the Crime & Disorder Strategic Assessment. In addition, fear of crime can be one driver for people feeling isolated, bringing heightened risks of depression, or avoiding use of parks and open spaces that might provide them with opportunity for exercise. Planning improvements to health therefore requires consideration of community safety issues. The inclusion of the Borough Commander as a member of the Board (alongside the equivalent status of the Clinical Commissioning Group as a statutory 'responsible authority' and required participant in the Community Safety Partnership) is evidence of the commitment to ensure that strategies are established that deliver the widest benefit, with both health and community safety outcomes maximised.

7.8 Property / Asset Issues

The establishment of the Health & Wellbeing Board creates no direct implications for property or assets.

Background Papers Used in the Preparation of the Report:

- Health & Social Care Act 2012
<http://www.legislation.gov.uk/ukpga/2012/7/contents/enacted>
- The Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013
<http://www.legislation.gov.uk/uksi/2013/218/introduction/made>
- Operating Principles for Health & Wellbeing Boards (NHS Confederation and the Local Government Association, *inter alia*)
http://www.local.gov.uk/c/document_library/get_file?uuid=c40f27d7-7208-4dc1-9120-fa5fd67e5253&groupId=10171

List of appendices:

- Appendix A: Proposed entry to the Constitution: Part B
- Appendix B: Proposed entry to the Constitution: Part C

ARTICLE x**THE HEALTH & WELLBEING BOARD****1. Legal Status**

- 1.1 Section 194 of the Health & Social Care Act 2012 requires that the Council establish a Health & Wellbeing Board. The Act sets out the core membership that is expected, and places certain duties upon the Board.
- 1.2 The Act specifies that the Health & Wellbeing Board is to be treated as an executive committee under Section 102 of the Local Government Act 1972. However, regulations have disapplied or modified some of the enactments relating to Section 102 committees, as they apply to Health & Wellbeing Boards.

2. Role

- 2.1 The primary duty of the Health & Wellbeing Board is to encourage those who arrange for the provision of health or social care services to work in an integrated manner. This is further extended to include encouraging integrated working with those who arrange for the provision of health-related services (defined as services that may have an effect on the health of individuals but are not health services or social care services).
- 2.2 When the Council enters into joint arrangements with National Health Service bodies, it does so under Section 75 of the National Health Service Act 2006. The Health & Wellbeing Board must also provide such advice, assistance or other support as it thinks appropriate for the purpose of encouraging the making of such joint arrangements.
- 2.3 The Health & Wellbeing Board should also ensure the development, authorisation and publication of a Joint Strategic Needs Assessment and Health & Wellbeing Strategy, with joint involvement and authority of the Council and the Clinical Commissioning Group. Section 116B of the Local Government & Public Involvement in Health Act 2007 then places a duty on the Council, the Clinical Commissioning Group and the National Health Service Clinical Commissioning Board (where it is relevant) to have regard to these documents when exercising its functions.

3. Membership

- 3.1 Membership of the Board is as follows (an * indicates members required by the Health & Social Care Act):

- Cabinet Member for Health, Chair *
 - Cabinet Member for Adult Services & HR
 - Cabinet Member for Children's Services
 - Cabinet Member for Finance
 - The Director of Adult Social Services *
 - The Director of Children's Services *
 - The Director of Public Health *
-
- A member appointed by local Healthwatch *
-
- Chair of the Clinical Commissioning Group *
 - Further Board-level GP appointment from the Clinical Commissioning Group
 - Accountable Officer for the Clinical Commissioning Group
-
- Executive Director level appointment from Barking, Havering & Redbridge University Hospitals NHS Trust
 - Executive Director level appointment from North East London Foundation NHS Trust
-
- Borough Commander, Metropolitan Police Service

The Act requires that one councillor and one Clinical Commissioning Group representative are appointed to the Board; the identification of specific posts, as outlined above, is a local decision.

- 3.2 In addition, a representative of the NHS National Commissioning Board is entitled to attend to participate in discussions, and can be required to attend by the Board. Invitations will be sent to them as standard. They will not be a voting member of the Board.
- 3.3 Upon establishment, the Act provides the power to the Health & Wellbeing Board to amend its membership. Such amendments will be reported to the next meeting of the Assembly. On approval of Assembly, the Council may appoint further members to the Health & Wellbeing Board, but must have consulted the Board prior to making the appointments.
- 3.4 All members of the Health & Wellbeing Board outlined in this section, including those who are not Members of the Council have a vote at Board meetings, in line with the procedures set out in Article 1.
- 3.5 Amendments to the membership of the Board determined by the Health & Wellbeing Board will require a 75% majority of members present and voting.
- 3.6 The Health & Social Care Act 2012 requires the Council to consult the Board when varying its membership. Where the Council, through resolution of Assembly, seeks to amend the membership of the Health

& Wellbeing Board, a discussion of the proposal will be scheduled at the Health & Wellbeing Board, with the views of the Board recorded in its minutes and reported to Assembly.

4. Quorum

- 4.1 Five members of the Board, including at least two Elected Members of the Council.

5. Chair and Deputy Chair

- 5.1 The Cabinet Member for Health is the Chair of the Board, as nominated by the Leader of the Council.
- 5.2 The Health & Wellbeing Board will agree a Deputy Chair annually from amongst the Elected Members appointed to the Board.

6. Frequency of meetings

- 6.1 The Board will meet formally between six and eight times per year, unless the Chair, on advice from the Corporate Director of Adult & Community Services, determines otherwise.

7. Venue and time

- 7.1 Barking Town Hall, on Tuesdays at 6pm or at another time or location to be determined by the Corporate Director of Adult & Community Services, in consultation with the Chair.

8. Terms of Reference

- 8.1 See Scheme of Delegation in Part C of the Constitution for details.

9. Appointment and accountability

- 9.1 Members of the Board prescribed in the Health & Social Care Act 2012 are appointed by virtue of the position they hold. Additional members are appointed by Assembly. The Health & Wellbeing Board is accountable to the Assembly and the Board will report to the Assembly on matters requiring the latter's approval.
- 9.2 As an Executive Committee of the Council that includes representatives of partner agencies, the Health & Wellbeing Board will also provide such reports to the Local Strategic Partnership arrangements as are required to ensure that partnership activity on health and wellbeing is adequately accounted for in that forum.

10. Decisions and Call-In

- 10.1 Details of decisions made by the Health & Wellbeing Board will be circulated by the end of the next working day after the meeting to all Members of the Council (and statutory co-opted members) to enable them to exercise their right of Call-in.
- 10.2 The Call-in Procedure Rules, set out in Article 5a, shall apply to the Health & Wellbeing Board. Decisions which are called in with respect to the Health & Wellbeing Board will be principally referred to the Health & Adult Services Select Committee.

Constitution Part C

SECTION x

THE HEALTH & WELLBEING BOARD

1. To promote and advance the health and wellbeing of the people of Barking & Dagenham, and work to secure improvements in the health, social care and health-related services available to them.
2. To encourage all agencies who arrange the provision of health and social care services, or who provide those services, to do so in an integrated manner.
3. To encourage and support the making of arrangements under Section 75 of the National Health Service Act 2006 for the joint commissioning and provision of health and social care services between relevant bodies. To authorise the signing of those agreements on behalf of the Council, where the resources have already been allocated by Cabinet or Assembly for the purposes described in the agreement.
4. In order to facilitate the widest view of health and wellbeing, to work with those agencies who provide, or arrange provision of, health-related services (being those services that are not directly health services, but which may impact on health, to include housing, environmental services and education, amongst others.)
5. To approve the Joint Strategic Needs Assessment on behalf of the Council and to authorise its publication on behalf of the Council and partnership.
6. To approve the Health & Wellbeing Strategy on behalf of the Council and to authorise its publication on behalf of the Council and partnership, and to receive reports on performance and work with responsible agencies to ensure delivery of the Strategy.
7. To ensure that the commissioning and policy priorities of the member agencies of the Board, in particular the Council and the Clinical Commissioning Group, have due regard to the Health & Wellbeing Strategy, the Joint Strategic Needs Assessment and prior decisions of the Board.
8. To approve the Council's tender documents for the provision of local Healthwatch and to receive reports on its performance as deemed appropriate.
9. To undertake the approval of contracts as delegated to Cabinet where the funding streams are principally the Public Health Grant or from within social care budgets, as determined by the relevant

Corporate Director in consultation with the relevant Cabinet Member(s), to include the Chair of the Health & Wellbeing Board.

10. To approve the Council's Local Account for Adult Social Care, and any related annual reports to the local community on performance.
11. To report annually to Assembly on progress against established priorities and objectives and on the discharge of these terms of reference.

ASSEMBLY

25 February 2013

| | |
|---|---|
| Title: Community Infrastructure Levy Draft Charging Schedule | |
| Report of the Cabinet Member for Regeneration | |
| Open Report | For Decision |
| Wards Affected: All | Key Decision: Yes |
| Report Author: Claire Adams Principal Planning Policy Officer | Contact Details: Tel: 020 8227 5274 E-mail: claire.adams@lbbd.gov.uk |
| Accountable Divisional Director: | Jeremy Grint, Divisional Director Regeneration and Economic Development |
| Accountable Corporate Director: | Graham Farrant, Chief Executive |
| Summary: | |
| <p>At its meeting on the 14 February 2012, the Cabinet authorised the Community Infrastructure Levy Preliminary Draft Charging schedule for consultation (Minute 114 refers). Responses were received from eleven bodies. In response it is proposed to change the charges for retail uses.</p> <p>Originally a nil charge for small retail (under 370 square metres) and £10 for all other retail (shops, banks, estate agents, cafes, takeaways, restaurants and pubs) was set with the exception of supermarkets/superstores over 1500 square metres which were set a charge of £300 per square metre. Officers are now proposing to reduce this to £175 per square metre but to apply it to supermarkets and superstores of any size with all other retail uses paying £10 per square metre.</p> <p>These changes have been made first of all to address uncertainty about the legality of having different charges for different sizes of shops and to ensure that the charge for supermarkets/superstores is viable under the terms of the Community Infrastructure Regulations.</p> <p>Officers have also reduced the charge for business uses (Use Class B1b – Research and Development, Use Class B1c - Light Industrial, Use Class B2 - General Industrial and Use Class B8 - Storage and Distribution). After further scrutiny it is considered that the proposed levy for some of these uses, at £10 per square metre, was on the margins of viability and as such the charge has been reduced to £5 per square metre. No other changes are proposed.</p> <p>If Assembly agree these changes, the Council can proceed to the next stage of statutory consultation which is to consult on the Draft Charging Schedule and then submit it for examination. The Draft Charging Schedule is attached as Appendix 1 to this report. The responses and the Council's suggested response to these are attached as Appendix 2 to this report.</p> <p>The Cabinet considered this report at its meeting on 12 February 2013 and endorsed the</p> | |

| |
|--|
| recommendations below. |
| <p>Recommendation(s)</p> <p>The Assembly is recommended to agree the Borough's Community Infrastructure Levy Draft Charging Schedule for consultation and for submission for examination.</p> |
| <p>Reason(s)</p> <p>The Community Infrastructure Levy will help deliver two key priorities in the Council's Policy House; school and post 16 education and housing and estate renewal.</p> |

1. Introduction and Background

- 1.1 At its meeting on the 14 February 2012, the Cabinet agreed to approve the Community Infrastructure Levy (CIL) Preliminary Draft Charging Schedule for consultation (Minute 114 refers). A six week consultation took place between 27 February and 10 April 2012. This report sets out the responses received and recommends a revision to the proposed CIL charge following responses to the consultation process and further consideration of the representations and assessment of the potential effect of charges on the viability of development.

2. Proposal and Issues

- 2.1 Responses to the consultation were received from eleven bodies. These are summarised below along with the suggested Council response, which is provided in full in **Appendix 2**.
- 2.2 Four responses did not raise any objections so are not covered here.
- 2.3 English Heritage were concerned that CIL should be spent on investment in heritage. It is suggested that no changes are necessary. The consultation was on the proposed charges not on what the proceeds of CIL would be spent on.
- 2.4 The London Fire and Emergency Planning Authority (LFEPA) advocated that new fire stations should be exempt from the levy and that consideration be given to spending CIL on investment in them. In response to this, it is observed that no changes are necessary because again the consultation was not about what CIL should be spent on. Furthermore the LFEPA provided no evidence that fire station development would not be viable if they were subject to the proposed £10 per square metre CIL. It is important to note that the Mayor of London's CIL applies to fire stations and is set at £20 per square metre.
- 2.5 Peacock and Smith acting on behalf of Morrison's supermarket strongly objected to the proposed CIL rate of £300 per square metre for large convenience retail (>1500 square metres). They consider that supermarket operators are being used as a scapegoat. They think that the charge will put undue additional risk on the delivery of food store proposals. They compare the Council's proposed charge to Lewisham, Merton and Croydon which are set between £80 and £120 per square metre.

- 2.6 Across the country the charges set for retail are proving the most controversial. The focus of objectors, particularly the big four supermarkets, is the varying of charges on the basis of the size of a premises. Whilst the CIL regulations do not expressly allow this, neither do they expressly disallow it. Undoubtedly until a national and regional picture emerges there will be uncertainty and a charging base at variance will present a risk of Judicial Review particularly if there is not robust evidence to back up a CIL figure. It is the threat of a High Court challenge which has led some authorities to remove their differential retail charges, equally others have opted to proceed with them.
- 2.7 The CIL regulations do expressly allow different charges to be applied to different uses or the same uses in different locations. For this reason officers recommend substituting the initial proposed charge for large convenience retail (£300 per square metre for large convenience stores over 1500 square metres). Whilst in viability terms there is a justification for a higher charge for large convenience stores this is clearly a differentiation on the basis of the size of a premises not its use. Therefore if a charge is levied on convenience stores it has to apply to all stores regardless of size. The Council has undertaken further viability testing to understand the level to set the charge on this basis. In this regard it is important to note that in setting rates regard has to be had to the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area. On this basis the testing has established that a charge of £175 per square metre is more in keeping with the borough circumstances. Therefore officers recommend a charge of £175 per square metre for supermarkets and superstores of any size, these being self service stores, usually with car parking mainly selling food or food and non-food goods.
- 2.8 Previously the Cabinet had agreed a nil charge for small retail so that all shops, cafés, restaurants and pubs below 370 square metres would not pay CIL. Any such uses above this size would pay £10 per square metre except for large supermarkets /superstores over 1500 square metres which would pay £300 per square metre. Officers recommend that the nil charge for small retail is revised because this is a charge based on the size of a premises. This means that apart from supermarkets/ superstores, all other shops, cafés, takeaways, restaurants and pubs would pay £10 per square metre. Please note that since the Council adopted the Supplementary Planning Document “Saturation Point – Addressing the health impacts of hot food takeaways” in July 2010, only one takeaway has been permitted and that was on appeal by the Planning Inspectorate. As it involves a change of use and not new floor space it would not be liable for CIL in any event.
- 2.9 Officers do not consider that the £175 per square metre charge will impact on the viability of small supermarkets whether these are small independent grocers or the more recent trend for metro supermarkets as these tend to be established through changes of use to existing premises. The CIL charge only applies to new build floor space over 100 square metres.
- 2.10 Turning back to Morrisons’ actual objection that supermarket operators are being used, as they choose to call, as a “scapegoat”, this observation is rejected. The meaning of scapegoat is an object for which the blame for all the ills of a community is attached. The CIL can only be set on the basis of viability and the Council’s latest viability evidence, evidences that a charge of £175 per square metre can be

supported. Moreover no evidence was provided by the respondent on the issue of viability.

- 2.11 The Agents for Sanofi (Savills) also expressed concern about the original £300 per square metre proposal charge for large convenience retail. Notwithstanding that the recently approved Sanofi development is not liable for CIL they are concerned about the impact of CIL on new planning applications and its impact on the viability of the entire proposal. They suggested that a nil charge should apply to the Sanofi site at Dagenham East. In response to this objection it is suggested that no change is necessary apart from the changes to the retail charges as detailed previously. No evidence has been provided by the respondent that this charge is not viable.
- 2.12 Gerald Eve acting on behalf of Freshwharf Developments Limited noted that if the CIL is set at too high a level it will put further pressure on an already weakened property market and stifle development. They query the charge of £70 per square metre for Barking Town Centre and how this has been arrived at, they query the specification of the GVA appraisal model and finally they query the evidence which supports the residential land value benchmarks which they consider are too low. In response to this objection it is suggested that no changes are necessary. The Council's Economic Viability Report demonstrates that the £70 per square metre charge for housing in Barking Town Centre is viable. The report also clearly details the methodology of the viability testing and it explains that the benchmark land values reflect prevailing development values sourced from analysis of the current situation in Barking and Dagenham and corroborated through Valuation Office Agency data, GVA's own Agency Team knowledge of transactions in the Borough and local stakeholder discussions.
- 2.13 Icen, acting on behalf of Estates and Agency Properties Limited, made representations that the Council's CIL is a *one size fits all* approach and provides no flexibility and therefore does not respond to the commercial realities of development and could undermine schemes that help meet the borough's regeneration aims. They want the CIL to be amended so it takes account of the provision of on-site facilities and benefits. They consider that the CIL should prioritise investment and incentivise developers in Barking Town Centre by applying a discounted rate to retail and residential floor space in this location. They consider the charge for residential and large convenience retail in Barking Town Centre is disproportionate to developers' reasonable expectations of a financial return. Therefore they want three changes, removal of paragraph 3.1 of the Preliminary Draft Charging Schedule, a lowering of the charge on large retail development with the costs spread more evenly over the use classes, and lowering the charge on residential development within town centre areas to improve flexibility and viability. In response to this objection it is suggested that no changes are necessary other than the changes to the retail charges as previously detailed. Unlike the Mayor of London, the Council has chosen to offer Discretionary Relief for Exceptional Circumstances, so the Council is being flexible. Removing paragraph 3.1 would remove this mechanism. The regulations do provide for charging authorities to accept transfers of land as a payment "in kind" for the whole or part of a CIL payment. Again it is important to stress that CIL can only be set on the basis of viability. The Council is not allowed to set CIL to achieve regeneration objectives. Finally no evidence has been presented that large convenience retail developments or residential in Barking Town Centre cannot afford to pay the charge that has been set.

- 2.14 CGMS on behalf of the Mayor's Office for Policing and Crime (MoPC) and the Metropolitan Police Service (MPS) advocate that new policing facilities should be exempt from the levy as otherwise this will impact upon the Council's ability to deliver a safe and secure environment. In response to this objection it is suggested that no changes are necessary because the levy can only be set on the basis of viability. No evidence has been presented that new policing facilities cannot afford to pay the modest charge of £10 per square metre that has been set. It is also relevant to note that whilst the Mayor of London is responsible for supervising the Metropolitan Police the Mayor of London's CIL does apply to new policing floor space. The Mayor of London's CIL is £20 per square metre. Therefore, the Council's CIL would only represent 33% of the overall CIL charge for new policing facilities.

Timetable for adopting the Community Infrastructure Levy

- 2.15 The table below sets out the timetable for implementing the Barking and Dagenham Community Infrastructure Levy.

| Task | Progress |
|---|--|
| 1. Approval of Draft Charging Schedule | Cabinet 22 January 2013 Assembly 25 February 2013 |
| 2. Publish Draft Charging Schedule (advert required Reg 16 a (d)) | March 2013 |
| 3. Public Consultation on Draft Charging Schedule (4 + weeks) | March/April 2013 |
| 4. Submit the Draft Charging Schedule to the examiner plus also to PINs. | May 2013 |
| 5. Charging Schedule Examination | August 2013 |
| 6. Adoption and Publication | |
| - Report to Cabinet and Assembly for approval of Charging Schedule | October 2013 |
| - Publish Charging Schedule | |
| 7. CIL comes into effect | October 2013 |

3. Draft Community Infrastructure Levy Charges

3.1 Proposed Level of Residential CIL (per sq.m) – NO CHANGE

| | 0% Affordable Housing |
|--|-----------------------|
| Barking Town Centre Key Regeneration Area and Leftley and Faircross Estates | £70 |
| Barking Riverside Key Regeneration Area | £25 |
| Rest of Borough | £10 |

Proposed Level of Commercial CIL (per sq.m) – CHANGES TO RETAIL CHARGES

| ORIGINAL CHARGES | CIL | PROPOSED NEW CHARGES | CIL |
|--------------------------------------|------------|--|------------|
| Large Convenience Retail (>1,500sqm) | £300 | Supermarkets/Superstores | £175 |
| Small Retail (A1-A5 <370 sqm) | Nil | Office (B1a) | Nil |
| Office (B1a) | Nil | Municipal Leisure | Nil |
| Municipal Leisure | Nil | Health ¹ | Nil |
| Health ¹ | Nil | Education ² | Nil |
| Education ² | Nil | Business (Research and Development - B1b, Light Industry - B1c, General Industrial - B2 and Storage and Distribution - B8) | £5 |
| All other non-residential uses | £10 | All other non-residential uses including all other retail | £10 |

3.2 Benchmark data with other Authorities (see below) indicates that the proposed charges for LBBD are on the whole low / competitive in comparison. This reflects land values and development viability within the Borough. Please note that for London Boroughs the Mayor of London CIL charge applies on top of the authorities charges. The Mayoral charge for each of the London Borough's is detailed in row 1 of the table below. Since Thurrock is outside London the Mayor of London's CIL does not apply.

| £ / sq.m | Newham Draft | Waltham Forest Prelim-Draft | Red-bridge Adopted | Thurrock Prelim-Draft | Tower Hamlets Prelim-Draft | Islington Prelim-Draft | Southwark Prelim-Draft | LBBD |
|-------------------------|--------------|-----------------------------|--------------------|-----------------------|----------------------------|------------------------|------------------------|--------|
| Mayoral CIL /sqm | 20 | 20 | 35 | NA | 35 | 50 | 35 | 35 |
| Residential | 40-80 | 70 | 70 | 0-38 | 35-200 | 300 | 50-400 | 10-70 |
| Retail | 30 | 0-150 | 70 | 0-150 | 0-200 | 200-300 | 0-250 | 10-175 |
| Business | 0 | 0 | 70 | 0-25 | 0 | 0 | 0-100 | 5 |
| Hotel | 120 | 20 | 70 | 0 | 425 | 450 | 125-250 | 10 |
| Leisure | 0 | 0 | 70 | 0 | 0 | 80 | 50 | 10 |

4. Options Appraisal

4.1 Two other options were considered.

- Option 1: No CIL and maximum affordable housing via S106
- Option 2: CIL and 10% indicative affordable housing target

These were detailed in the report of 14 February 2012 to Cabinet (Minute 114 refers) and are not repeated here.

¹ Development used wholly or mainly for the provision of any publicly funded medical or health services except the use of premises attached to the residence of the consultant or practitioner

² Development used wholly or mainly for the provision of education as a school or college under the Education Acts or as an institution of higher education

5. Consultation

- 5.1 The CIL Preliminary Draft Charging Schedule was consulted on between 27 February 2012 and 10 April 2012. The consultation was in accordance with the Community Infrastructure Levy Regulations 2010, the Community Infrastructure Levy (Amendment) Regulations 2011 and the Council's adopted Statement of Community Involvement.
- 5.2 Letters were sent out to the Local Development Framework database and stakeholders involved in earlier stakeholder workshops. Consultation material regarding the CIL Preliminary Draft Charging Schedule was also made available in various locations and formats including on the Council website, in the borough Libraries, and the Civic Centre and Town Hall Receptions for the entire consultation period.
- 5.3 Section 2 of this report details the feedback received.
- 5.4 In line with the Community Infrastructure Regulations 2010 as amended representations will be invited on the Draft Charging Schedule for a minimum period of four weeks. The Draft Charging Schedule, the representations and the other documentation stipulated by the regulations will then be sent to an examiner for an independent examination.

6. Financial Implications

Implications completed by: Philip Horner, Principal Accountant

- 6.1 The report follows up on the report of 14 February 2012 in which Cabinet gave approval to consult on the proposed CIL charges.
- 6.2 The CIL is expected to generate funding for the infrastructure needed to support new development. Section 106 payments will still exist but only for site specific infrastructure.
- 6.3 The main significant difference in controlling S106 and CIL proceeds is that with S106 contributions there is a legal requirement that any payment should be directly related to the development whereas with CIL the payment will go to an accumulated fund to finance infrastructure projects generally (as defined in legislation and regulation). S106 contributions are negotiated on a development-by-development basis and therefore it is not possible to say at present whether the introduction of the CIL will impose greater costs for developers. However, as the CIL is based on a charging schedule, developers will have much greater certainty in calculating their likely costs.
- 6.4 From 1 April 2012 a Mayoral CIL has applied to all qualifying developments, meaning the Council collects £20 per net additional square metre of new development from the developer and passes it on to the Mayor of London. Subject to approval, the Authority's own CIL element will be added to the amounts collected from August 2013. The total CIL charge (comprising the Mayoral and Authority's own CIL) will be collected as one payment, and the mayoral element will then be forwarded on. After 2019 it is anticipated that the mayoral CIL will cease.

- 6.5 The Council will be required to exercise proper governance and monitoring arrangements to be able to demonstrate what monies have been received and how they have been spent in line with existing reporting and accounting procedures.
- 6.6 The incremental cost of producing and consulting on the CIL have been incurred over the past 18 months and met from within the current Regeneration & Economic Development revenue budget, which are summarised below (some figures are approximate / ongoing):

| | |
|-------------------------------|---------------|
| Viability study (consultants) | £22,640 |
| Adverts | £2,100 |
| Printing and postage | £1,000 |
| Inspectors fees | £20,000 |
| Room hire | <u>£1,000</u> |
| TOTAL | £46,740 |

- 6.7 There is also a cost in terms of the time spent by current staff. The cost of administering and collecting the CIL and setting up the systems to do this is allowed to be met from the CIL proceeds provided this does not exceed over 5% of the total CIL collected in the first three years. In year four, and each subsequent year, the total amount of CIL that may be applied to administrative expenses incurred during that year shall not exceed five per cent of CIL collected in that year.

7. Legal Implications

Implications completed by: Paul Field, Senior Lawyer

- 7.1 Development of land or change of use inevitably has an effect on the community. A balance has to be struck between allowing land use and mitigating negative effects of development. The historical basis for ensuring developments did not have a cost on the community was by the granting of planning permission subject to an agreement which might involve payment or works that is to say that a development would not be agreed without a contribution from the Developer. This is referred to as S.106 Town and Country Planning Act Agreements or “S.106 Agreements” for short. The problem with that approach was that it could be seen as arbitrary in nature and, as it were; putting a price on the grant. As the developers circumstances and the viability of the scheme varied so did the contribution. In reality it meant that some developments were charged different amounts under S.106 agreements or not at all.
- 7.2 To address concerns about the S.106 payments the Planning Act 2008 introduced the Community Infrastructure Levy, the application is set out in the Community Infrastructure Regulations 2010. Unlike the Section 106 arrangements most new developments will be liable to pay the levy. This includes from 6 April 2013 new buildings that are granted permission by way of a general consent, such as via the General Permitted Development Order or through a Local Development Order.
- 7.3 The CIL regime is designed to be transparent and while it will still reflect local planning considerations the charges will be open for all to see. This report has set out the process and suggests a potential charging framework. It is important that the schedule for the CIL is backed by an evidential basis. Further there needs to be evidence as to what infrastructure is needed and how the CIL would contribute, though it does not need to be the only source

- 7.4 There are a broad range of measures that can be taken to ensure recovery of payment. Furthermore late payments will incur a surcharge. Prosecution can follow if the commitment to pay is breached as effectively it will be as if a condition has not been met which means that resort can be made to stop notices and if necessary an injunction.
- 7.5 Finally the CIL regime does not affect contributions secured for highway work or improvements under Section 278 Highways Act 1980 such agreements will continue.

8. Other Implications

8.1 Risk Management

| Risk | Probability | Impact | Priority | Action |
|--|--------------------|---------------|-----------------|--|
| Proposed charges are challenged by developers and landowners | Medium | Medium | High | Developers and landowners were consulted in the early stages of developing the draft charging schedule to ensure that it was based on local evidence. A number of objections as detailed in this report have been received during the first stage of consultation and changes have been made to the retail charges to ensure that they are legal and therefore to reduce the risk of High Court challenge. |
| Draft charging schedule is rejected by the Examiner | Low | Medium | High | The Council has followed the relevant legislation and Government guidance in arriving at the charges proposed in the Draft Charging Schedule. |
| Levy stops development coming forward | Low | High | High | In line with the CIL regulations 2010 the Council has not set charges at the margins of viability. |
| Neighbouring Councils set Levy at lower rate | High | Medium | Low | The CIL charge can only be set on the basis of development viability. It is the responsibility of neighbouring boroughs to do likewise. The only neighbouring Council to have an adopted CIL is Redbridge and with the exception of the charge for supermarket/superstores their charges are significantly higher than LBBDs. |

8.2 **Staffing Issues** - The proposals will not necessitate the need for additional staff. The Council has been collecting the Mayor of London's CIL from 1 April 2012. The Council can recover its administration costs from CIL.

8.3 **Customer Impact** - In line with the CIL regulations the charge has been set based on development viability. The charge cannot be varied to achieve policy objectives. However it is relevant to note that a nil charge will apply to public health, schools and municipal leisure centres and residential extensions and alterations below 100 square metres. In addition affordable housing and charitable development is exempt from the charge.

The CIL will have a positive impact on the local community as it will help maximise developer contributions to meet the costs of new infrastructure generated by new development. The Council will have increased flexibility to ensure that funds from CIL are spent where they are most needed in the borough; this will enable the Council to ensure that the needs of residents from different areas, age groups, incomes and equality groups can be taken into account in deciding which infrastructure developments to support.

8.4 **Safeguarding Children** - The proposal will have a positive impact on the wellbeing of children as it will help provide funding for the Council's Capital Strategy which includes extensions to existing schools and new schools to meet the needs generated by new development. Monies generated by CIL can also be used to fund Children's Centres and community services, which are important for family welfare, and also to provide places for young people to help reduce anti-social behaviour. Development used wholly or mainly for the provision of education as a school or college under the Education Acts or as an institution of higher education will not pay the levy.

8.5 **Health Issues** - Developments used wholly or mainly for the provision of any publicly funded medical or health services will not pay the levy.

8.6 **Crime and Disorder Issues** - Section 17 of the Crime and Disorder Act 1998 requires local authorities to consider the crime and disorder implications of any proposals. New developments can often raise issues of concern around crime and disorder both within the development phase but also long term if due crime design advice is not given or adhered to. This proposal may therefore have a positive impact if CIL is spent on community safety initiatives which will mitigate any impact either directly on the development, or on the surrounding area, eg CCTV provision or better lighting. Whilst CIL is payable on new policing facilities the Council's CIL is half that of the Mayor of London's and therefore it is not considered that the Council's CIL will adversely impact on the provision of these.

8.7 **Property / Asset Issues** - The Council, as a landowner and developer, will be liable to pay CIL on qualifying developments. The Asset Management service is concerned about the impact on small retail businesses and considers that the charges could lead to more shops within the borough closing. It is important to clarify that the charge is only on net new development and therefore will only apply to new retail floor space. Therefore, existing shops, or new shops taking existing space, will not be affected by this charge.

Background Papers Used in the Preparation of the Report:

- Cabinet Report, 14 February 2012: Community Infrastructure Levy (Minute 114 - 14/02/12).
- Cabinet Report, 22 January 2013: Community Infrastructure Levy Draft Charging Schedule
- CLG March 2010, Community Infrastructure Levy Guidance: Charge Setting and charging schedule procedures.
- CLG May 2011, Community Infrastructure Levy: An overview
- CLG May 2011, Community Infrastructure Levy Relief.
- National Planning Policy Framework

List of appendices:

Appendix 1: LBBB Draft Charging Schedule

Appendix 2: Responses to the Council's Preliminary Draft Charging Schedule

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**London Borough of Barking and Dagenham
Community Infrastructure Levy
Draft Charging Schedule
January 2013**

1. The Charging Authority

- 1.1 This Community Infrastructure Levy (CIL) Draft Charging Schedule has been published by the London Borough of Barking and Dagenham. The Council will be both a Charging Authority and a Collecting Authority.

2. The date on which the charging schedule was approved

To be completed

3. The date on which the charging schedule takes effect

To be completed

4. Statutory Compliance

- 4.1 The Draft Charging Schedule has been approved for publication at a meeting of the Council's Assembly on (to be completed). It is published in accordance with Part 11 of the Planning Act 2008 (as amended by Part 6 of the Localism Act 2011), and the Community Infrastructure Levy Regulations 2010 (as amended by the Community Infrastructure Levy (Amendment) Regulations 2011 and 2012).

5. Who will pay CIL?

- 5.1 The charge will be levied on development of more than 100 sq.m of new floor space and those creating 1 or more dwellings even where the floor space is less than 100 sq.m. In principle, this affects all types of development that involve buildings 'into which people normally go'.
- 5.2 Subject to caveats the levy will not be charged on developments that do not involve a net increase in floor space. Therefore sub-divisions of existing dwellings to form other dwellings will not be charged. Structures which are not buildings, or which people do not regularly go into to use will not be liable, in accordance with the CIL regulations as amended. Affordable housing development and development for charitable purposes will also be exempt in accordance with the regulations.

6 Relief for Exceptional Circumstances

- 6.1 The London Borough of Barking and Dagenham will make relief available for exceptional circumstances in its area. The power to do this will be activated following the adoption of the Charging Schedule. The regulations on this matter make clear that relief should only be granted in truly 'exceptional circumstances'. The fact that a development might be unviable at the time a planning application is considered is unlikely to constitute an 'exceptional circumstance' in relation to the CIL Regulations as amended.

7 When will the levy be collected?

- 7.1 The levy will become due from the date that a chargeable development is commenced in accordance with the terms of the relevant planning permission.
- 7.2 When planning permission is granted, LBBD will issue a liability notice setting out the amount of the levy that will be due for payment when the development is commenced, the payment procedure and the possible consequences of not following this procedure.
- 7.3 The levy's payment procedures encourage someone to assume liability to pay the levy before development commences. Payments must be made in accordance with the instalment policy published by the Mayor of London or, in the case of the Council adopting one, in accordance with the Council's instalment policy. In the absence of no instalment policy being in place by the Mayor of London or the Council, parties liable to pay the levy will always benefit from a 60 day payment window beginning with the commencement date.
- 7.4 The responsibility to pay the levy runs with the ownership of land on which the liable development will be situated. That benefit is transferred when the land is sold with planning consent, which also runs with the land. Although ultimate liability rests with the landowner, the regulations recognise that others involved in a development may wish to pay. To allow this, anyone can come forward and assume liability for the development.
- 7.5 There may be circumstances where it will be more desirable for a charging authority to receive land instead of monies. The regulations provide for charging authorities to accept transfers of land as a payment in kind for the whole or part of the levy. This will be subject to negotiation with the Council.

8 Evidence for Draft Charging Schedule

- 8.1 The regulations require the 'Charging Authority' (LBBD) to strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential effect of the imposition of CIL on the economic viability of development across the area.
- 8.2 Charging authorities are therefore required to prepare evidence about the effect of the levy on economic viability in their area to demonstrate to an independent examiner that their proposed rates strike an appropriate balance.
- 8.3 The development of the Draft Charging Schedule has been informed by the following pieces of evidence:
- Barking and Dagenham Local Development Framework
 - LBBD Community Infrastructure Plan 2012/13 – 2025/26
 - Affordable Housing and Community Infrastructure Levy/S106 Economic Viability Assessment 2011
 - CIL Economic Viability Study: Addendum on Retail

Community Infrastructure Plan

8.4 The Barking and Dagenham Community Infrastructure Plan (CIP) outlines community infrastructure provision across the borough. It is based on the London Plan housing monitoring target of 1,065 homes per year which equates to 14,910 new homes and 36,082 new residents (based on a yield of 2.42 persons per new home). The CIP looks at the impact of growth on education, transport, health, public realm, open space, allotments, leisure, play, children's centres, cemeteries, libraries, flood defences and mitigation measures, employment and local labour and emergency and essential services

8.5 For each of these it examines:

- Current provision of facilities
- Existing shortfall or surplus
- Projected shortfall or surplus based on the demand from an additional 36,082 residents
- New facilities required to meet new demand
- Costs of meeting new demand
- Potential available funding sources

8.6 The table below summarises the overall requirement for new community infrastructure facilities to 2025, estimated costs and the responsible delivery agencies.

| Cost of Community Infrastructure to support growth in Barking and Dagenham to 2025. | |
|--|--------------------|
| Type of Facility | Existing shortfall |
| Council's and Local Education Authority's Responsibilities | |
| Education (incl. land for 4 additional primary schools and 2 additional 8FE secondary schools all on confined sites. Also includes 6398 primary school places and 4,570 primary school places) | £147,613,529 |
| Transport (incl. £500m for DLR Extension, £70m for Renwick Road Junction Improvements) | £633,511,000 |
| Public Realm (incl. London Road/North Street Market Square, A406 roundabout, BTC East Street, Street Scene Enhancement, Becontree Station Improvements, Creekmouth Industrial Area) | £2,660,000 |
| Open Space (incl. Abbey Green, Mayesbrook Park) | £7,540,000 |
| Allotments (maintenance and creation of allotment space) | £649,476 |
| Leisure (Indoor) (Build and land costs for 2 additional 4 court leisure centres. This assumes Barking Riverside will provide land and building for 8 lane swimming pool) | £4,032,900 |
| Leisure (Outdoor) (additional 17.76 hectares of playing pitches, 1.5 tennis courts, 1 bowling green and upgrading of sports pavilion in eight strategic parks) | £6,814,140 |

| | |
|--|---------------------|
| Play (play provision for 5-9 year olds. Under 5s to be provided through S106 agreements (doorstep play)). | £1,049,920 |
| Children's Centres | £5,600,000 |
| Cemeteries | No information |
| Libraries (Revenue costs for Barking Riverside Library, Ongoing maintenance costs of existing estate) | £3,600,000 |
| Flood Defences (Measures to manage surface water flooding in LBBDD. Does not include fluvial or tidal flooding) | £56,310,823 |
| Employment and Local Labour (Revenue requirements for Barking Business Centre. Local Labour agreements to be provided through S106 agreements) | £2,600,000 |
| Emergency Services | None |
| NHS Outer North East London's responsibilities | |
| Health (capital requirements for 36,082 people) | £22,144,757 |
| Further Education Provider's Responsibilities | |
| Further Education | Tbc |
| Total | £894,126,545 |

CIL Economic Viability Assessment 2011

8.7 The Council appointed GVA Grimley in September 2011 to undertake three pieces of work:

- Preparation of a construction cost schedule
- Preparation of a land value appraisal study
- Preparation of an economic viability assessment

In September 2012 further testing was undertaken by GVA on retail development.

8.8 GVA has drawn on both primary and secondary evidence sources in order to test the viability of CIL/S106 and affordable housing delivery in Barking and Dagenham.

8.9 The work has taken the form of quantitative viability testing of a series of possible housing splits, tenure variations and CIL/S106 charging options for a range of types of development in order to identify the levels of viability for future development. Work has also included extensive discussions with stakeholders including local authority planning officers, local landowners, developers and agents.

8.10 GVAs analysis suggests that Barking and Dagenham should adopt three different residential charging zones – a higher one for Barking Town Centre Leftley and Faircross (£70) a medium one for Barking Riverside (£25) and a lower charge for the rest of the borough (£10).

8.11 For commercial developments, the viability findings are more varied. Office schemes are unable to make any contribution, whilst retail, private leisure, industrial

and waste uses can afford to contribute more. Supermarkets and superstores can afford to make a significant CIL/S106 contribution.

8.12 GVA's analysis shows that public health, education and municipal leisure development cannot afford any level of CIL/S106 tariff contribution.

8.13 These charges have been set on the basis of the Council continuing without an affordable housing target.

9. Proposed CIL Rates and Charging Areas

9.1 Having examined the findings of the evidence base, the Council consider that the most appropriate approach is to have variable rates of CIL by area and use. The proposed areas and charges per square metre are set out in the plans and tables below.

LBBB Charging Zones – Residential

| Zone | LBBB Area | Rates (£ per sq. m.) |
|------|---|----------------------|
| 1 | Barking Town Centre, Leftley and Faircross ¹ | £70 |
| 2 | Barking Riverside ² | £25 |
| 3 | Rest of borough ³ | £10 |

Differential Rates: intended uses

| Use | Rates (£ per sq. m.) |
|--|----------------------|
| Supermarkets and Superstores of any size ⁴ | £175 |
| Office (B1a) | Nil |
| Business (Research and Development - B1b, Light Industry - B1c, General Industrial - B2 and Storage and Distribution - B8) | £5 |
| Municipal Leisure | Nil |

¹ The area covered by the Barking Town Centre Area Action Plan plus the area bounded by the District Line, Mayesbrook Park and the London Borough of Redbridge including the former University of East London site.

² The area covered by the Barking Riverside Key Regeneration Area as shown on the adopted Local Development Framework Proposals Map

³ The London Borough of Barking and Dagenham excluding Barking Town Centre and Barking Riverside

⁴ Supermarkets: Self-service stores selling mainly food, with a trading floorspace less than 2,500 square metres, often with car parking.

Superstores: Self-service stores selling mainly food, or food and non-food goods, usually with more than 2,500 square metres trading floorspace, with supporting car parking.

| | |
|---|-----|
| Health Development used wholly or mainly for the provision of any publicly funded medical or health services except the use of premises attached to the residence of the consultant or practitioner | Nil |
| Education Development used wholly or mainly for the provision of education as a school or college under the Education Acts or as an institution of higher education | Nil |
| All other non-residential uses | £10 |

10. How will CIL rates be calculated?

- 10.1 CIL will be levied in pounds per square metre of the net additional increase in floor space of any given development. The rate will be calculated based on Regulation 40 - Calculation of chargeable amount, as set out within 'The Community Infrastructure Levy Regulations 2010 and (Amendment) Regulations 2011'.
- 10.2 The chargeable rate will be indexed linked. The index referred to in the calculation formula is the national All-in Tender Price Index published from time to time by the Building Cost Information Service of the Royal Institution of Chartered Surveyors; and the figure for a given year is the figure for November of the preceding year.

11. Mayor of London's Crossrail CIL

- 11.1 London Boroughs are also required to collect the CIL charged by the Mayor of London. This was implemented 1st April 2012. At present the Mayor proposes a CIL of **£20 per sq.m** in Barking and Dagenham.
- 11.2 The following types of development are exempt:
- Development used wholly or mainly for the provision of any medical or health services except the use of premises attached to the residence of the consultant or practitioner
 - Development used wholly or mainly for the provision of education as a school or college under the Education Acts or as an institution of higher education

12. Commenting on the Draft Charging Schedule

- 12.1 This consultation is the Council's second step in preparing a CIL Charging Schedule.
- 12.2 Any person may make representations about the draft charging schedule and that person must be heard before the examiner at the CIL examination if they have requested to do so.
- 12.3 There are a number of ways in which you can make a representation on the Draft Charging Schedule:

Email: planningpolicy@lbbd.gov.uk

Telephone: 020 8724 5274
Fax: 020 8227 3490
Post: Planning Policy Team, London Borough of Barking and Dagenham,
Room 106, Barking Town Hall, 1 Town Square, Barking, IG11 7LU

Your comments should arrive no later than ?????? 2013.
Please note that your comments will be made available as public documents.

13. Next Steps

- 13.1** When the consultation period has ended the Council will send the Draft Charging Schedule, the representations and the other documentation stipulated by the regulations to an examiner for an independent examination. It is anticipated that this will take place in June 2013.

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London Borough of Barking and Dagenham
Community Infrastructure Levy
Preliminary Draft Charging Schedule
Summary of Comments and Responses
January 2013

| Response No. | Respondent Name | Summary of Comments | Council Response | Charging Schedule Amendments |
|---------------------|---|--|--|-------------------------------------|
| 1 | English Heritage | Suggest document could benefit from reference to acknowledge that growth can have impacts on the historic environment as on other areas of planning and that heritage should be regarded as a recipient of CIL within the Council's responsibilities in relation to historic public realm, open spaces and cemeteries. | Charging schedule already refers to public realm, open space and cemeteries. Further distinction not necessary. However please note that the consultation is on the proposed charges not on what the proceeds of the levy will be spent on. The comments are noted and will be considered when the Council publishes its Regulation 123 list which lists the infrastructure types to be funded by CIL. | None |
| 2 | Brett Group | CIL does not apply to minerals extraction development and therefore Bretts do not wish to make any comments on this consultation exercise | Noted | None |
| 3 | Dron Wright Property Consultants acting on behalf of the London Fire and Emergency Planning Authority | As fire stations are a vital community facility we believe that they should be excluded from payment of this levy. This is on the basis that fire stations are community safety facilities which are included within the definition of infrastructure under the Planning Act 2008 | The levy can only be set on the basis of viability. No evidence has been presented that fire stations cannot afford to pay the modest charge of £10 per square metre that has been set. It is important to note that existing floorspace to be demolished/retained can be discounted where the building has | None |

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| | | <p>Despite the Council's infrastructure plan saying that the borough's fire stations are not in need of investment Barking Station is in need of investment and Dagenham Station is part of a PFI project to provide nine new fire stations across London. With this in mind together with the increase in growth in the area LFEPA will be under increased financial pressure in providing the essential services that are required of them. It is therefore requested that consideration should be given to the provision of funding for LFEPA community facilities, from the CIL payments which are collected.</p> | <p>been in continuous use for six months in the last twelve months. This is relevant to the LFEPA if they plan to invest in existing stations.</p> <p>It is also important to clarify that the consultation is on the proposed charges not on what the proceeds of the levy will be spent on. The LFEPA comments are noted and will be considered when the Council publishes its Regulation 123 list which lists the infrastructure types to be funded by CIL.</p> | |
| 4 | Highways Agency | No comment | None | None |
| 5 | Joint Nature Conservation Committee | No comment | None | None |
| 6 | Natural England | <p>Approach seems reasonable and in line with relevant legislation, therefore Natural England does not wish to offer any substantive comments in respect of the Community Infrastructure Levy rate.</p> <p>Natural England is pleased to see the inclusion of Open Space provision within the document especially section 3.5.2 which refers to the provision of new open</p> | None | None |

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| 7 | Peacock and Smith representing Morrison's Supermarket | <p>space and links to the east London Green Grid. This is welcomed and to be encouraged.</p> <p>Strongly object to proposed CIL rate of £300 sqm for large convenience retail floorspace (>1500 sqm)</p> <p>It is acknowledged that the charge has been informed by viability assessments prepared by GVA Grimley, our client is gravely concerned that the suggested 'abnormal' charge will have a significant adverse impact on the overall viability of future (large) convenience retail development in the borough. A balance has not been found between infrastructure funding requirements and viability. Effectively, supermarket operators are being used as a scapegoat.</p> <p>Morrisons raises concerns that the viability analysis does not take into account all likely costs associated with developing a new foodstore. For example the potential costs associated with developing a brownfield site (e.g. site remediation and preparation) can be extortionate.</p> <p>The draft charge will put undue</p> | <p>The levy can only be set on the basis of viability. Page 226 of the Council's Economic Viability Report demonstrates that large convenience retail developments (>1500 sqm) can afford a levy of up to £1500 per square metre. However the Council has decided to remove the large convenience threshold and instead has tested the viability of supermarkets/superstores in general. This has evidenced that supermarkets and superstores can afford a charge of £175 per square metre.</p> | |
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| | | <p>additional risk on the delivery of foodstore proposals and will be an 'unrealistic' financial burden. This, in turn, poses a significant threat to potential new investment and job creation in the borough, especially in regeneration areas, at a time of economic recession and low levels of development activity.</p> <p>Furthermore, it is important to note that the proposed £300/sq m levy for convenience retail development is disproportionately higher than those being proposed by other London boroughs. By way of example, the boroughs of Lewisham, Merton and Croydon are proposing rates of £80/sq m, £100/sq m and £120/sq m respectively which, on average, are a third of the charge being proposed by LB Barking and Dagenham.</p> | | |
| 8 | Savills acting on behalf of Sanofi | Extremely concerned about the proposed blanket charge across the borough of £300 per square metre for 'large convenience retail' and the consequences that this would have for the viability of the recently approved Sanofi scheme. Acknowledge that approved scheme and subsequent | The Council accepts that the permitted Sanofi development and any subsequent reserved matters are not liable for Mayor of London CIL as it was permitted before 1 April 2012 and therefore neither is it liable for the Council's CIL. | |

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| | | <p>reserved matters would not be liable to charge but are concerned about impact on any fresh applications. Sanofi consider that a charge of this level could undermine the entire proposal and would almost certainly prevent it being built. The Charging Schedule should be updated to take into account site location and other factors including:</p> <ul style="list-style-type: none"> • high remediation costs associated with a development • where retail and other uses subsidises less valuable uses on a scheme which delivers important community benefits, including job creation and facilities such as health care <p>The Charging Schedule should take these matters into account and should allow for a lower, if not 'nil', rate.</p> <p>The draft Residential charge takes into account the different areas within the Borough and recognises that variable rates should apply dependent on viability considerations. Our site falls within the 'Rest of the borough' which has the</p> | <p>Therefore Sanofi's concerns are only relevant to an entirely new planning application.</p> <p>Notwithstanding that the site already has the benefit of permission for a supermarket, no evidence has been provided that an entirely new planning permission for a supermarket could not afford the levy being proposed.</p> <p>All the employment and training uses on the sites would pay between £5 - £10 per square metre in comparison to the Mayor of London's charge of £20 per square metre. This is not considered unreasonable and again no evidence has been provided that this is not viable.</p> <p>The Council's viability work shows that whilst there is a significant difference in the viability of residential uses across the borough this is not true for non-residential uses.</p> | |
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| | | <p>lowest rate. We can not understand why the same approach has not been applied for the other uses. Furthermore, we note that the charge for B1a and health uses is Nil and it is our view that the rates for retail and other non-residential uses should also be nil in certain circumstances as set out above.</p> <p>Unless changes are made to the charging schedule developments such as this, which will secure important benefits for the community, will be unviable.</p> | | |
| 9 | Gerald Eve acting on behalf of Fresh Wharf Developments limited | <p>The level at which the LBB D CIL is set must have careful regard to the area's market context. There is little development activity in the borough at the moment and the market remains in a weak condition. If the CIL is set at too high a level it will put further pressure on an already weakened property market and stifle future development.</p> | <p>Tables 31 and 32 of the Economic Viability Report, model development viability in Barking Town Centre on the basis of 0% affordable housing. This shows that a LBB D CIL (Mayoral CIL is included as a cost) varying from £122-154 per sq m can be supported in Barking Town Centre on schemes of 250 units and below. However for a scheme of 1000 units CIL is more marginal due to the extra cost of building to Code Level 5. However Local Plan policy does not demand Code Level 5 for schemes of this size and therefore development costs</p> | |

| | | | | |
|--|--|--|---|--|
| | | <p>It is not clear from the documentation provided how the Council have set the final rates set out in the PDCS. These are not in line with the recommendations by GVA, in particular with regard to the Barking Town Centre, Leftley and Faircross residential rate of £70 sqm. Note that the GVA recommendation is made with the assumption of 10% affordable housing delivery, but it is not clear if this is either carried over to the PDCS, or increase or indeed decreased simply the document states “without an affordable housing target”.</p> <p>GVA have used a non-specified appraisal model. We assume that this is a bespoke appraisal as there is no specific explanation of it or software which has been used. We note that there are a number of standard models for appraising residential development including Argus Developer, the GLA Three Dragons Toolkit and the HCA model in addition to bespoke models some of which are referenced. Whilst these adopt to varying degrees standard development appraisal principles, the detailed methodology does vary in some cases considerably. We have no</p> | <p>should be comparable to smaller schemes and consequently similar CIL levels should be supported.</p> <p>The Council is proposing a CIL of £70 so this is not at the margins of viability. This is on the basis of 0% affordable housing.</p> <p>The approach and methodology of the viability testing is explained in Chapter 2 of the Economic Viability Report. A market value rather than existing use value approach has been applied.</p> | |
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| | | <p>objection to advocating a bespoke model approach, particularly given the limitation of the GLA Toolkit, but this needs to be transparent in order to be able to examine the appropriateness in the circumstances.</p> <p>The methodology assumes that the land value is the Net Residual Land Value once all planning contributions, including affordable housing have been taken into account and this has been cross checked with benchmark land values for this area. However, there is no evidence of comparable information provided and therefore this does not conform with the recommendations of the exposure draft RICS Guidance Note on Viability in Planning. We consider that at the benchmark land value of £625,000 per acre for Barking Town Centre residential land value is low to our experience of the local property market.</p> | <p>Paragraph 2.17 of the Economic Viability Report explains that the benchmark land values reflect prevailing development values. These are sourced from analysis of the current situation in Barking and Dagenham and corroborated through Valuation Office Agency data, GVA's own Agency Team knowledge of transactions in the Borough and local stakeholder discussions.</p> | |
| 10 | Iceni Projects acting on behalf of Estates and Agency Properties Limited | <p>CIL charging regime is a one size fits all approach and provides no flexibility in the application of the identified charging regime. It must demonstrate an appropriate level of flexibility to respond to the commercial realities of development. With regard to Relief for Exceptional Circumstances the PDCS states</p> | <p>Unlike the Mayor of London the Council has chosen to offer Discretionary Relief for Exceptional Circumstances. So the Council is being flexible. However it is important to clarify that in exercising this relief the Council will have to comply with the provisions set out in the</p> | |

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| | | <p>“... the fact that a development might be unviable at the time a planning application is considered is unlikely to constitute an ‘exceptional circumstance’ in relation to the CIL Regulations”.</p> <p>Such an approach is considered to be overly restrictive and contrary to directions from Central Government in particular the ministerial statement titled “Planning for Growth” and the CLG CIL summary document.</p> <p>The PDCS does not offer any flexibility in charging where it can be demonstrated that a development would be unviable as a consequence of the requirements of CIL. Accordingly the adoption of an onerous and overly restrictive approach to CIL has the potential to undermine schemes which could otherwise be delivered in the short term and help to meet wider regeneration aims and objectives within the Borough.</p> <p>The PDCS should be amended to reflect a degree of flexibility where issues of viability would cause undue delay to the achievement of wider regeneration aims through otherwise appropriate development. It should recognise that in</p> | <p>Community Infrastructure Regulations 2010 as amended when determining whether discretionary relief can be provided.</p> <p>The regulations do provide for charging authorities to accept transfers of land as a payment ‘in kind’ for the whole or a part of a CIL payment, but only if this is done with the intention of using the land to provide, or facilitate the provision of, infrastructure to support the development of the charging authority’s area.</p> <p>The levy can only be set on the basis of viability. The CIL regulations do not allow the Council to set the levy to achieve regeneration objectives.</p> <p>No evidence has been presented that large convenience retail developments (>1500 sqm) or residential in Barking Town Centre cannot afford to pay the charge that has been set. However the Council has altered the retail charges, and on the basis of</p> | |
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| | | <p>certain instances the provision of on-site facilities and benefits will make the same – if not a greater – contribution to the Borough’s infrastructure provision.</p> <p>It is noted that there is a large disparity between the level of charging for certain uses over others and the geographical areas to which these relate.</p> <p>As acknowledged in the LDF the focus of future retail and residential development in the Borough will largely be upon Barking Town Centre with the aim of fulfilling wider regeneration aims and objectives on identified key sites. E&A considers that the PDCS for convenience retail floorspace combined with the lack of flexibility proposed within the charging regime would in combination have a significant effect on development values in Barking Town Centre. This could render schemes unviable and stifle the opportunity to realise wider regeneration aims and objectives as identified in adopted policy.</p> <p>The PDSC should prioritise investment within Barking Town Centre by adopting a charging regime in the Town Centre equating to 25% of the overall charge for comparable developments in locations</p> | <p>further testing proposes to charge £175 per square metre for supermarkets and superstores of any size.</p> <p>Please see response to Gerald Eve for justification of levy for residential in Barking Town Centre.</p> | |
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| | | <p>beyond the BTCAAP boundary. This discounted rate should apply to retail and residential floorspace on the basis that the regeneration and revitalisation of the Town Centre should be the priority within the Borough. The application of such a discounted rate would increase the viability of existing stalled schemes making it more no less likely that such schemes will materialise and would incentivise developers to pursue potentially more expensive and difficult sites over easier options beyond the Town Centre boundary.</p> <p>Having reviewed the PDCS there is a very real concern that the proposed level of contributions for both large retail development and residential development within town centres is disproportionate to developers reasonable expectations of a financial return and has the potential to impact upon the viability of such developments impacting upon the achievement of wider regeneration goals.</p> <p>Combined with the lack of flexibility of the proposed charging schedule, it is considered that the rigidity of the document as presented has the potential to stifle development on key sites in the</p> | | |
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| | | <p>short to medium term.</p> <p>In respect of the above it is considered that the proposed charging schedule would be improved with the following changes:</p> <ul style="list-style-type: none"> • The removal of paragraph 3.1 to improve flexibility in the application of charges • Lowering the charge on large retail development, and spreading costs more evenly over the use classes; and, • Lowering the charge on residential development within town centre areas to improve flexibility and viability | | |
| 11 | CGMS on behalf of the Mayor's Office for Policing and Crime (MoPC) and the Metropolitan Police Service (MPS) | <p>The provision of effective policing is of crucial importance across London to ensure safe places to live are created as part of a sustainable community, consistent with planning policy at all levels. The MoPC and MPS provide a vital community service to Barking and Dagenham and it is essential that the required community infrastructure such as policing comes forward in line with development in order to maintain safety and security in the borough.</p> <p>It is noted the Council do not intend to</p> | <p>The levy can only be set on the basis of viability. No evidence has been presented that police stations cannot afford to pay the modest charge of £10 per square metre that has been set. It is also relevant to note that whilst the Mayor of London is responsible for supervising the Metropolitan Police the Mayor of London's CIL does apply to new policing floorspace. The Mayor of London's CIL is £20 per square metre. Therefore the Council's CIL</p> | |

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| | | <p>impose a charge for new small retail, offices, leisure, health and education floorspace. This should be extended to include all new community infrastructure floorspace, in particular that proposed by the Metropolitan Police.</p> <p>By being subject to a CIL payment, community uses including policing are prejudiced in being able to provide essential policing facilities which will impact upon the Council's ability to deliver a safe and secure environment contrary to the aims of the NPPF, London Plan and Core Strategy. It is therefore essential that CIL is not payable for new policing floorspace in the Borough.</p> <p>It should be further noted that, in providing a community infrastructure (i.e. new policing facilities) which would attract a CIL liability, the MPS contribution to infrastructure would effectively be double-counted. Therefore the MOPC/MPS strongly recommend that the draft charging schedule provides an exemption from CIL for community uses including policing facilities in addition to small retail, offices, leisure, health and education uses.</p> | <p>would only represent 33% of the overall CIL charge for new policing facilities.</p> | |
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ASSEMBLY

25 February 2013

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| Title: MANAGEMENT OF COMPLAINTS RELATING TO COUNCILLORS – Standards Regime | |
| Report of: The Monitoring Officer | |
| Open | For Information |
| Wards Affected: None | Key Decision: No |
| Report Author: Paul Feild | Contact Details: Tel: 0208 227 5198 E-mail: paul.feild@bdtlegal.gov.uk |
| Accountable Divisional Director: | Fiona Taylor, Monitoring Officer and Head of Legal and Democratic Services |
| Accountable Director: | Graham Farrant, Chief Executive |
| Summary: | |
| <p>On 1 July 2012 the Assembly adopted, as required by the Localism Act 2011, a new Standards local Code of Conduct and Complaint Procedure. The new Code differs from the former statutory Code in that the Monitoring Officer now conducts an initial assessment of complaints about Members against approved criteria, may consult with the new Independent Person and tries to resolve matters informally if possible or appropriate. If the complaint requires further investigation / or referral to the Standards Committee there may still be a hearing of a complaint before a Sub-Committee</p> <p>This report sets out a proposed set of management rules to facilitate early resolution of the requirement to discharge the duty to investigate and conclude complaints made against Members, particularly in instances where the complaints made are incomplete or require further information. These management rules will enable the Monitoring Officer to request persons who make complaints to provide further details of their complaints including necessary evidence to make a decision; furthermore there are occasions where complaints are open-ended and dilatory and they require a complainant to respond in a reasonable time period. These rules were presented to the Standards Committee on 17 January 2013 for consultation and have been approved for presentation to the Assembly</p> | |
| Recommendation(s) | |
| <p>The Assembly is recommended to approve the Complaints Management Rules attached at Appendix A to this report and their incorporation into the Constitution in Part E – the Code of Conduct for Councillors.</p> | |
| Reason(s) | |
| <p>To ensure that complaints are dealt with in a fair and timely process.</p> | |

1. Introduction and Background

- 1.1 The new Code differs from the former statutory Code in that the Monitoring Officer now conducts an initial assessment of complaints about Members against approved criteria and may consult with the new Independent Person to try to resolve matters informally if appropriate. If the complaint requires further investigation / or referral to the Standards Committee there may still be a hearing of a complaint before a Sub-Committee. The legislation expects the Council to develop its own local process for dealing with complaints. To be effective this requires the establishment of our own rules about managing the process.
- 1.2 All courts and tribunals have their own rules about timescales, rules of evidence and management of cases; to do otherwise leads to the injustice of a complainant effectively determining the pace of a complaint and ongoing uncertainty.
- 1.3 During the first few months the need for proactive management has become apparent as a significant proportion of complaints concluded appeared to be motivated by complainants who, having utilised mechanisms for complaints and reviews, have then taken up complaints against Councillors as another option. The Secretary of State in January this year has expressed a concern that resources are not used to indulge vexatious complainants. These rules will ensure that only well-founded complaints are thoroughly investigated and those without merit are determined promptly.

2. Proposal and Issues

- 2.1 This report proposes that a formal set of case management rules is adopted by the Council. They are set out at **Appendix A**.
- 2.2 The rules explained:
 - 2.2.1 The rules require a uniform presentation of complaints, that is to say all complaints against Members must take the form of a written complaint in the prescribed form unless there are special circumstances. They are intended to provide certainty and while allowing clarification, ensure the complainant cannot change the facts or issues as the matter progresses, thus protracting the process. This ensures that if the complaint is without foundation then it can be discharged promptly.
 - 2.2.2 Where the complaint is unclear in terms of particulars such that there is no identified specific breach of the Members' Code of Conduct, the Monitoring Officer can require the complainant to provide further information for clarification including:
 - What the breach is that is alleged
 - When it happened
 - Where it happened
 - Names and contact details of witnesses and
 - To attach evidence relevant to the complaint to support the allegation
 - 2.2.3 As observed, it is a key requirement that matters are dealt with effectively so that the Monitoring Officer can set a timescale for responses to requests for further information and if that is not forthcoming, make a decision based on what is available.

2.2.4 The rules take account of the regrettable fact that a significant proportion of complaints against Members are for mischievous reasons or are frivolous or vexatious in nature and in accordance with localism, may be dismissed at an early stage.

2.2.5 Finally the rules set clarity about communication and data circulation so if a matter proceeds to investigation the Monitoring Officer may circulate copies of the complaint to whoever they consider necessary, including the Member and their representative(s) and outside agencies rather than let the complainant dictate the circulation.

3. Options Appraisal

- Do nothing

This is contrary to good practice as statutory bodies are rightly expected to efficiently manage their processes. It is unfair on both the Member and complainant for matters to drag indefinitely and a waste of both time and scarce resources.

- Do nothing just yet

We could adopt a wait and see approach; however early information is that follow up requests are having to be made to the complainants on a repetitive basis due to vagueness and incoherence of the initial complainant. This is unacceptable.

- Take action

We consider this is the right approach; a pro-active case management is a hallmark of a well administered organisation.

4. Consultation

Standards Committee

5. Financial Implications - N/A

6. Legal Implications

Implications completed by: Paul Feild, Senior Governance Lawyer

Telephone and email: 020 8227 3133 Paul.Feild@bdtlegal.org.uk

6.1 The Localism Act 2011 sets the task to a Local Authority of developing a local management of complaints and the proposals set out in this report are devised to contribute to this aim.

6.2 The Complaints Management Rules will contribute to a timely and fairer process which is in the interests of justice for all concerned.

7. Other Implications N/A

List of Appendices –

Appendix A Management of Complaints rules relating to Councillors (2013)

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**London Borough of Barking and Dagenham
Management of Complaints relating to Councillors (2013)**

1. All complaints against Members must take the form of a written complaint in the prescribed form unless special circumstances exist as determined by the Monitoring Officer whose decision is final.
2. Where the complaint is unclear in terms of particulars such that there is no specific breach of the Members' Code of Conduct, the Monitoring Officer shall invite the complainant to clarify:
 - What the breach is that is alleged
 - When it happened
 - Where it happened
 - Names and contact details of witnesses, and
 - To attach evidence relevant to the complaint to support the allegation.
3. The Monitoring Officer may set a time for a response to rule 2 not less than 21 days.
4. The Monitoring Officer will only act where there is sufficient evidence in their opinion to do so.
5. Following a period for clarification, the Monitoring Officer may proceed with the complaint and make a determination as to whether the complaint merits a formal investigation and if not, the matter is dismissed. The Monitoring Officer, when making a determination, may consult with the Council's Independent Person.
6. The Monitoring Officer may dismiss a complaint without resort to further investigation if they are of the opinion that the complaint is (any one of the following or more):
 - a. lacking in evidence
 - b. fails to identify any breach
 - c. politically motivated
 - d. vexatious
 - e. repetitive
 - f. defamatory
 - g. has no reasonable prospect of success
 - h. about a Council service. Such a complaint will be referred to the relevant service area in accordance with the Council's complaints policy.
7. If a matter proceeds to investigation the Monitoring Officer may circulate copies of the complaint form to whoever they consider necessary, including the Member and their representative(s) and outside agencies.
8. During the investigation the Monitoring Officer may require the complainant to furnish further details or co-operate in terms of disclosure of evidence. If the complainant fails to co-operate in a timely manner or do not make themselves available, the Monitoring Officer may continue their investigation in the absence of the complainant's co-operation, including making a determination to dismiss the complaint.

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