

Notice of Meeting of the

ASSEMBLY

**to be held on Wednesday, 13 July 2016
commencing at 7:00 pm in the
Council Chamber, Town Hall, Barking**



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

Date of publication: 5 July 2016

Chris Naylor
Chief Executive

Councillors and senior officers are also invited to attend a presentation introduced by Councillor Maureen Worby, Cabinet Member for Social Care and Health Integration on the subject of Care for Children, Young People and Adults with Life-Limiting Illnesses and support for their families. which will take place in the Council Chamber from 6.00 pm until 6.45pm.

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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.

3. Minutes - To confirm as correct the minutes of the meeting held on 18 May 2016 (Pages 3 - 20)

4. Minute's Silence in Memory of Jo Cox MP

5. Leader's Statement

The Leader will present his statement.

6. Development Control Board Membership (Pages 21 - 22)

7. Appointments

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

8. Treasury Management Annual Report 2015/16 (Pages 23 - 44)

9. Report of a Decision of the Standards (Hearing) Sub-Committee (Pages 45 - 46)

10. Appointment of Parent Governor (Primary) Co-optee to the Children's Services Select Committee (Page 47)

11. Motions

No motions have been received.

12. Questions With Notice

13. Any other public items which the Chair decides are urgent

14. 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.

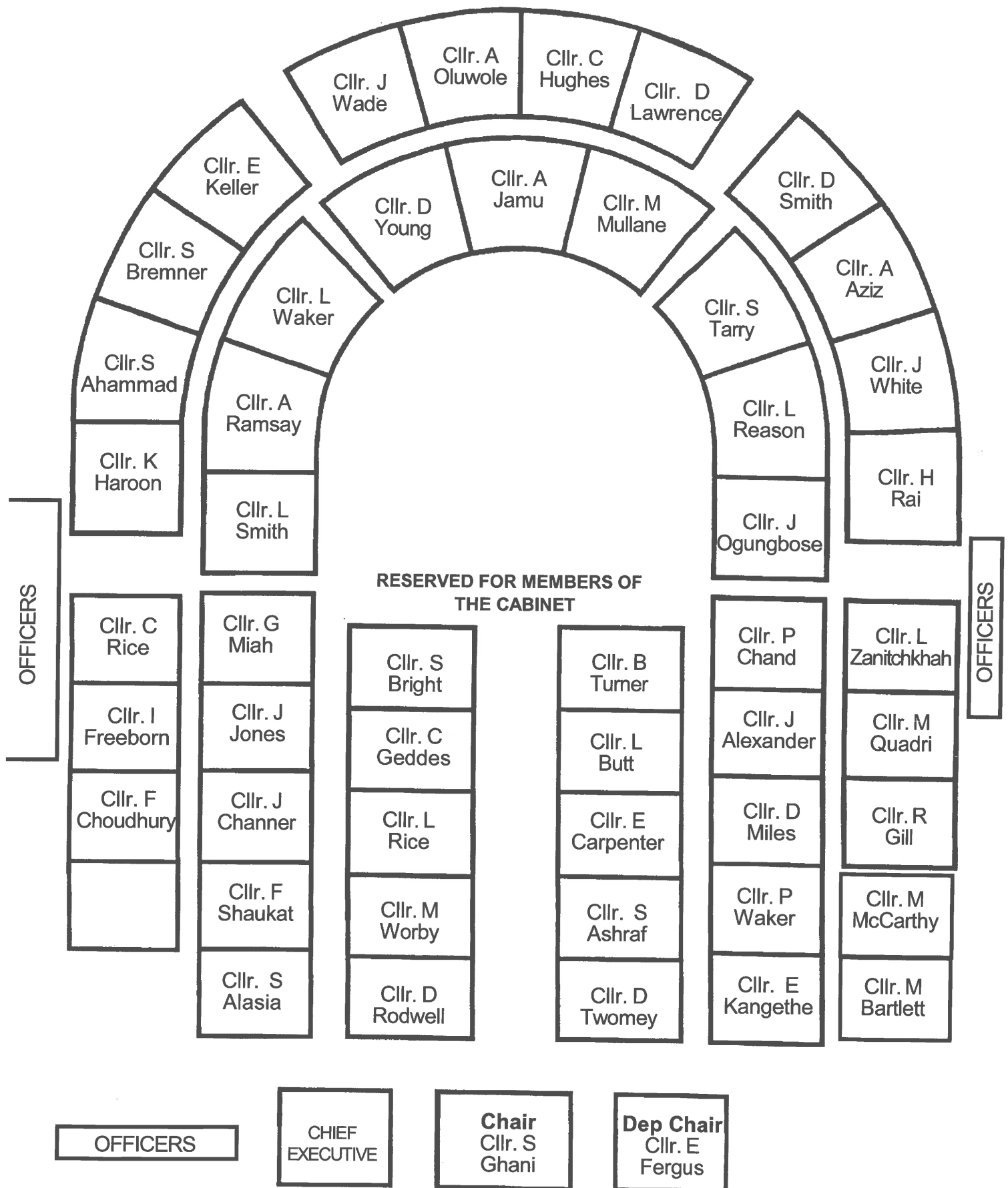
Private Business

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.***

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

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BARKING TOWN HALL COUNCIL CHAMBER



SEATING PLAN FOR THE ASSEMBLY

Our Vision for Barking and Dagenham

One borough; one community; London's growth opportunity

Encouraging civic pride

- Build pride, respect and cohesion across our borough
- Promote a welcoming, safe, and resilient community
- Build civic responsibility and help residents shape their quality of life
- Promote and protect our green and public open spaces
- Narrow the gap in attainment and realise high aspirations for every child

Enabling social responsibility

- Support residents to take responsibility for themselves, their homes and their community
- Protect the most vulnerable, keeping adults and children healthy and safe
- Ensure everyone can access good quality healthcare when they need it
- Ensure children and young people are well-educated and realise their potential
- Fully integrate services for vulnerable children, young people and families

Growing the borough

- Build high quality homes and a sustainable community
- Develop a local, skilled workforce and improve employment opportunities
- Support investment in housing, leisure, the creative industries and public spaces to enhance our environment
- Work with London partners to deliver homes and jobs across our growth hubs
- Enhance the borough's image to attract investment and business growth

MINUTES OF ASSEMBLY

Wednesday, 18 May 2016
(7:00 - 8:11 pm)

PRESENT

Cllr Syed Ghani (Chair)
Cllr Edna Fergus (Deputy Chair)

Cllr Tony Ramsay	Cllr Syed Ahammad	Cllr Sanchia Alasia
Cllr Jeanne Alexander	Cllr Saima Ashraf	Cllr Abdul Aziz
Cllr Melanie Bartlett	Cllr Sade Bright	Cllr Laila Butt
Cllr Evelyn Carpenter	Cllr Peter Chand	Cllr Josephine Channer
Cllr Faruk Choudhury	Cllr Irma Freeborn	Cllr Cameron Geddes
Cllr Rocky Gill	Cllr Kashif Haroon	Cllr Chris Hughes
Cllr Amardeep Singh Jamu	Cllr Jane Jones	Cllr Elizabeth Kangethe
Cllr Eileen Keller	Cllr Danielle Lawrence	Cllr Giasuddin Miah
Cllr Dave Miles	Cllr James Ogungbose	Cllr Adegboyega Oluwole
Cllr Moin Quadri	Cllr Hardial Singh Rai	Cllr Chris Rice
Cllr Lynda Rice	Cllr Darren Rodwell	Cllr Faraaz Shaukat
Cllr Danielle Smith	Cllr Sam Tarry	Cllr Bill Turner
Cllr Dominic Twomey	Cllr Jeff Wade	Cllr Phil Waker
Cllr John White	Cllr Maureen Worby	Cllr Linda Zanitchkhah

APOLOGIES FOR ABSENCE

Cllr Simon Bremner	Cllr Mick McCarthy	Cllr Margaret Mullane
Cllr Linda Reason	Cllr Liam Smith	Cllr Lee Waker
Cllr Dan Young		

1. Appointment of Chair and Deputy Chair

The Chief Executive opened the meeting and invited nominations for the positions of Chair and Deputy Chair of the Assembly for the 2016/17 municipal year.

The Assembly **resolved** to appoint Councillors Ghani and Fergus as Chair and Deputy Chair of the Assembly respectively.

2. Declaration of Members' Interests

There were no declarations of interest.

3. Minutes (24 February 2016)

The minutes of the Assembly held on 24 February 2016 were confirmed as a correct record.

4. Death of Former Councillor Rob Douglas

The Assembly noted with deep regret that former Councillor Rob Douglas had passed away on 18 March 2016.

Mr Douglas was elected as a Councillor for the Becontree Ward from 2010 until 2014. Mr Douglas served on numerous committees during his four years on the Council and had the position of Deputy Chair on the Pensions Panel.

A number of Members paid tribute to Mr Douglas contribution to the Council and his tireless campaigning for the Labour Party, whilst several Members recalled fond, personal memories of Mr Douglas.

The Assembly stood for a minute's silence as a mark of respect.

5. Minute's Silence to Remember the Victims of Youth Crime

The Leader of the Council, Councillor Rodwell, introduced the item to the Assembly, advising that a request had been made by a local resident through Margaret Hodge MP for the Assembly to hold a minute's silence for the youths who had lost their lives to violent youth crime.

The Leader advised that the campaign, "One Minute in May" had been set up to confront the threat of knife and gun crime. The aim the campaign was to hold a vigil every year for all the lives lost to youth violence.

The Assembly stood for a minute's silence as a mark of respect.

6. Presentation of Elected Member Development Charter

The Deputy Leader introduced a report to the Assembly confirming that the Council was successfully re-assessed in December 2015 for the London Boroughs Charter for Elected Member Development.

The Council was the first in London to receive the London Boroughs Charter when it was initially awarded in February 2009.

The Deputy Leader thanked the Member Development Officer, Fiona Jamieson and the Member led Development Group which included Councillors Butt, Fergus, Freeborn, Jones and Oluwole.

The Chair then introduced Councillor Andy Hull from the London Borough of Islington, who was a member of the Assessment Panel and was in attendance on behalf of London Councils.

Councillor Hull advised that the Council had met the set criteria with flying colours and commented favourably on the meaningful and representative steering group. Furthermore, Councillor Hull made reference to Ambition 2020, commenting on the inspiring work of the project.

Councillor Hull then presented the London Boroughs Charter for Elected Member Development to the Chair of the Assembly.

7. **Appointments to the Political Structure and Other Bodies 2016/17**

The Director of Law and Governance introduced a report on the annual process of appointments to the various elements of the political structure and other internal and external bodies.

The Chair invited the Labour Group Secretary, Councillor Carpenter, to advise on the nominations to the various positions to be appointed to and the Labour Group Secretary referred to the schedule that had been tabled at the meeting.

Assembly **resolved** to agree the appointments to positions as set out in Appendix 1.

8. **Minutes of Sub-Committees**

The Assembly received and noted the minutes of the:

- Joint JNC Salaries & Conditions and Appointments Panel held on 9 March 2016;
- JNC Appointments Panel held on 20 April 2016;
- JNC Appointments Panel held on 25 April 2016.

9. **Leader's Statement**

The Leader of the Council presented a verbal statement updating the Assembly on a range of matters which included:

- Congratulations to Sadiq Khan on his election as Mayor of London, commenting that the benefits for the Borough following Mr Khan's election could include high quality housing for rent, the proposed A13 tunnel and an opportunity for growth.
- The announcement that Coventry University would be leasing the Civic Centre to provide degree level qualifications to students in the area.
- Changes to Cabinet Responsibilities:
 - Councillor Ashraf - Deputy Leader, Community Leadership & Engagement
 - Councillor Twomey - Deputy Leader, Finance, Growth & Investment
 - Councillor Bright - Equalities & Cohesion
 - Councillor Butt - Enforcement & Community Safety
 - Councillor Carpenter - Educational Attainment & School Improvement
 - Councillor Geddes - Economic & Social Development
 - Councillor Lynda Rice - Environment & Street Scene
 - Councillor Turner - Corporate Performance & Delivery
 - Councillor Worby - Social Care & Health Integration
- The current public consultation on the recommendations of the Growth Commission and the Ambition 2020 Programme.

- The imminent launch of the Tenant Shared Ownership Scheme, which reflected the Council's status as London's growth opportunity and would help to reverse the negative impact that so many of the Government's initiatives were having on the Council and the local community.
- Summer Festivals, of which the second season was well underway.
- The Bobby Moore statue, to celebrate his life and the inspiration he continued to bring to residents of the Borough, 50 years after being captain of the England Team that won the World Cup in 1966.

10. Members' Allowances Scheme 2016/17

The Cabinet Member for Finance, Growth & Investment presented a report on the Members' Allowances Scheme for 2016/17.

The Cabinet Member advised that, in view of the continuing pressures on public sector funding and the Council's finances in particular, it was proposed that no changes be made to the scheme for 2016/17, representing a freeze in allowances levels for the eighth successive year.

Assembly **resolved** to:

- (i) Agree that no increase be applied to Members' basic and special responsibility allowances for the 2016/17 municipal year, representing a freeze in allowance levels for the eighth successive year; and
- (ii) Adopt the Members' Allowances Scheme 2016/17 attached to the report at Appendix A, to come into effect from 19 May 2016.

11. Motions

The Chair announced that, in accordance with the Constitution Part 2, Chapter 4, Paragraph 10.6, as Councillor Young was not present at the meeting, the Motion would be withdrawn.

12. Questions With Notice

Question 1

From Councillor Fergus

"Following the recent announcement that Coventry University plan to lease the Civic Centre to provide degree-level education, can the Leader outline how the Council will ensure the building retains its civic purpose?"

Response

Councillor Rodwell, Leader of the Council, advised that Coventry University had understood from the outset the importance of the building to the Borough and therefore would enable the Council and others to still have

use of the building.

Question 2

From Councillor Freeborn

“Following her recent appointment and the Shadow Cabinet’s recent visit to Dagenham to mark International Women’s Day, can the Cabinet Member for Equality and Cohesion set out her priorities and ambitions for the borough?”

Response

Councillor Bright, Cabinet Members for Equalities and Cohesion, confirmed that she intended to engage with as many of the diverse communities in the Borough as possible, and would be focusing on the actions set out in the Councils Gender Equality Charter which included working more closely with the LGBT community, responding to changes to the population in the Borough and ensuring the Ambition 2020 programme reflect and progress equality objectives.

Supplementary Question

Councillor Freeborn enquired as to whether older people would be included within Councillor Bright’s work. Councillor Bright confirmed they would.

Question 3

From Councillor C Rice

“Can the Leader update Members on the future of Fanshawe Hall which has faithfully served our community for so many years?”

Response

Councillor Rodwell advised that Cabinet agreed in March 2016 to enter into a management agreement and grant a 30 year lease for the whole of the Fanshawe Community Centre complex to the Fanshawe Community Association.

Question 4

From Councillor Choudhury

“Will the Leader commit to working closely with the new Mayor of London, Sadiq Khan, to promote the Council’s priorities?”

Response

Councillor Rodwell confirmed that the Council would be working with the new Mayor of London and had already been in contact with the Mayor Office. Work would also be undertaken with London Councils to assist in

supporting the Mayors priorities.

Question 5

From Councillor Shaukat

“Can the Leader set out what the Chancellor’s decision to invite Transport for London to bring forward proposals for financing the A13 Riverside Tunnel as part of his 2016 Budget means for the future of the project?”

Response

Councillor Rodwell advised that he would be discussing the project with the new Mayor of London. The A13 needed to be redeveloped and the introduction of a tunnel would unlock land for more housing in the area.

Question 6

From Councillor Miah

“Can the Leader or the relevant Cabinet Member explain when we will be launching our shared ownership housing scheme for council tenants?”

Response

Councillor Twomey, Deputy Leader and Cabinet Member for Finance, Growth and Investment, advised that in March 2016, Cabinet approved proposals to introduce a Right to Invest – Tenant Shared Ownership Scheme, subject to consultation with tenants. Consultation took place earlier in the year and following overwhelming support for the scheme, the Cabinet would consider whether to adopt the policy in June 2016.

Supplementary Question

Councillor Miah asked if there would be a rent increase to tenants and was advised by Councillor Twomey that tenants would buy a 20% share of the property and the rent would be worked out and reduced accordingly.

Question 7

From Councillor Freeborn

“Can the Cabinet Member for Social Care & Health Integration set out what progress we are making in promoting healthier lifestyles?”

Response

Councillor Worby, Cabinet Member for Social Care and Health Integration, advised that the Public Health Annual report was due out shortly, however significant changes to lifestyles including smoking, diet, alcohol, sexual activity and substance misuse.

Supplementary Question

Councillor Freeborn asked for information on Care City and was advised that this was an innovation for elderly people to stay longer in their own homes.

Question 8

From Councillor Ahammad

“Can the Leader outline how the Council benefits from Britain’s membership of the European Union?”

Response

Councillor Rodwell advised that the Borough and therefore the Council benefited from membership of the European Union through funding. Examples included £150m for the Gascoigne Estate regeneration and support to help local residents to get into work.

Supplementary Question

Councillor Ahammad asked if the Leader agreed that the Council was best placed to harness growth in the UK. Councillor Rodwell confirmed he agreed and the recent report from the Growth Commission confirmed that also.

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Membership of Main Council Committees 2016/17

Committee	Nominations
Assembly	Councillor Ghani (Chair), Councillor Fergus (Deputy Chair) plus all other Councillors
Development Control Board	Councillors Alasia (Chair), Shaukat (Deputy Chair), Aziz, Chand, Choudhury, Fergus, Freeborn, Geddes, Ghani, Gill, Haroon, Miah, Mullane, C Rice, Turner, Wade, White (one vacancy)
Licensing & Regulatory Board	Councillors Channer (Chair), Choudhury (Deputy Chair), Ahammad, Butt, Chand, Haroon, Hughes, Oluwole, Rai and L Waker
Personnel Board	Councillors Jones (Chair), Freeborn (Deputy Chair), Alasia, Choudhury, Keller, Lawrence, Oluwole, Quadri and P Waker
Standards Committee	Councillors Chand (Chair), Miah (Deputy Chair), Bright, Freeborn, Gill and Worby
Children's Services Select Committee	Councillors Kangethe (Chair), Bartlett (Deputy Chair), Bremner, Fergus, Freeborn, Ghani, Oluwole and D Smith (1 vacancy)
Health & Adult Services Select Committee	Councillors Chand (Chair), Zanitchkhah (Deputy Chair), Alasia, Aziz, Fergus, Jones, Keller, Rai and Shaukat
Living & Working Select Committee	Councillors P Waker, (Chair), McCarthy (Deputy Chair), Ahammad, Freeborn, Jones, Miles, Ogungbose, L Waker and Zanitchkhah
Safer & Stronger Community Select Committee	Councillors Alexander (Chair), Quadri (Deputy Chair), Bremner, Haroon, Jones, Lawrence, Rai, Ramsay, L Waker
Public Accounts and Audit	Councillors Miles (Chair), Gill (Deputy Chair), *Alexander, *Chand, *Kangethe, Ogungbose, Oluwole, Ramsay and *P Waker (* as Chairs of other Select Committees)
JNC Panels (various)	Councillors Gill, Haroon, Kangethe and Keller plus the Leader, deputy Leaders and other relevant Cabinet Members (as appropriate)

Membership of Other Internal / Outside Bodies

Body / Committee	Nominations
Barking Riverside Community Interest Company (CIC)	Councillor Channer as Thames Ward rep plus Councillors Geddes and Rodwell
Chadwell Heath Community Trust Board	Councillors Bright, Jamu and White
East London Waste Authority	Councillor Wade Councillor L Rice
Elevate Strategic Partner Board	Councillor Oluwole Councillor Twomey
Employee Joint Consultative Committee	Councillors Keller, Ogungbose, Oluwole, Rai, Zanitchkhah plus Councillor Twomey
Employee Joint Health, Safety and Wellbeing Committee	Councillors Keller Mullane and Oluwole plus Councillor Twomey
Housing Forum – Barking	Abbey: Butt Becontree: Choudhury Gascoigne: Aziz Eastbury: Rai Goresbrook: Quadri Longbridge: L Rice Mayesbrook: D Smith

Body / Committee	Nominations
	Thames: Channer
Housing Forum – Dagenham	Alibon: Hughes Chadwell Heath: Bright Eastbrook: Fergus Heath: Miles Parsloes: C Rice River: Keller Village: Mullane Valence: Jones Whalebone: L Smith
The Kallar Lodge and Fewes Lodge Trust Fund	Councillor Keller Councillor Wade
London Road Safety Council	Councillor McCarthy Councillor Rai

**Appointments made by Leader and/or Cabinet Members
(which do not require Assembly approval)**

Body / Committee	Confirmed Appointment
Elevate Limited Liability Partnership Board	Councillor Twomey Deputy: Councillor Channer
LGA General Assembly	Councillor Rodwell Councillor Ashraf Councillor Twomey Councillor Bright
London Councils Grants Committee	Councillor Ashraf Deputy: Councillor Bright
London Councils Greater London Employment Forum	Councillor Turner Deputy: Councillor Freeborn
London Councils Pensions CIV (Sectoral Joint Committee)	Councillor Twomey Deputy: Councillor Shaukat
London Councils Leaders' Committee	Councillor Rodwell Deputies: Councillor Ashraf and Councillor Twomey
London Councils Transport and Environment Committee	Councillor L Rice Deputy posts - Councillor Geddes
Members' Corporate Parent Group	Councillor Channer
OFSTED Report Panel	Councillor Carpenter Councillor Fergus

	Councillor Geddes Councillor Kangethe Councillor Oluwole Councillor Rai Councillor L Rice Councillor P Waker Councillor White (1 vacancy)
Public Transport Liaison Group	Councillor Geddes Councillor Turner
Registered Provider Forum	Councillor Geddes Councillor Ahammad Councillor Fergus

Other Bodies not requiring appointments in 2016/17 - For information only

Ceremonial Council	The Mayor is automatically Chair and the newly appointed Chair of the Assembly (Councillor Ghani) is Deputy Chair
Cabinet	The Leader of the Council is automatically the Chair who then appoints Deputy Leader(s) plus further Cabinet Members Current membership: Councillors Rodwell (Chair), Ashraf and Twomey (Deputy Chairs), Bright, Butt, Carpenter, Geddes, L Rice, Turner and Worby
Health and Wellbeing Board	The Cabinet Member for Social Care and Health Integration (Chair) plus three Cabinet Members to be appointed by the Leader (Councillors Butt, Bright and Carpenter)
Pensions Panel	7 Councillors - Four-year appointments to May 2018. Current membership: Councillors Twomey (Chair), Shaukat (Deputy Chair), Bright, Fergus, Ogungbose, Wade and White

Admissions Forum	The Cabinet Member for Educational Attainment & School Improvement plus 4 Councillors (4 year appointments) Current membership: Councillors Carpenter (Chair), Kangethe, Keller and Oluwole
Barking and Dagenham Adoption and Permanence Panel	1 Councillor – 4 year appointment to 2018 Current membership: Councillor Turner
Barking & Dagenham Citizens' Advice Bureau	2 Councillors - 4 year appointments to 2018 Current membership: Councillors Chand and Ogungbose
Barking and Dagenham Fostering Panel	2 Councillors - 4 year appointments to 2018 Current membership: Councillors Bright and Zanitchkhah
Barking and Dagenham Reside	The Cabinet Members for Finance, Growth & Investment and Economic & Social Development
Barking and Dagenham Safeguarding Adult's Board	1 Councillor – Cabinet Member for Social Care and Health Integration automatically appointed
Barking and Dagenham Safeguarding Children Board	1 Councillor – Cabinet Member for Social Care & Health Integration automatically appointed
Barking Riverside Limited Board	1 Councillor – Cabinet Member for Economic & Social Development automatically appointed (observer status only)
Children's Trust	Cabinet Members for Social Care & Health Integration and Educational Attainment & School Improvement automatically appointed
Colin Pond Bursaries for Higher Education	Cabinet Member for Educational Attainment & School Improvement, the Chief Finance Officer, the Corporate Director of Children's Services and the Director of Law and Governance
Community Safety Partnership	Cabinet Member for Enforcement & Community Safety automatically appointed
Dagenham United Charity	4 year appointments to 2018

	Current membership: Councillors Chand, Mullane, Reason and L Waker
East London Housing Partnership	Cabinet Member for Economic & Social Development automatically appointed
East London Solutions Leaders' Group	Leader of the Council
Greater London Enterprise	Leader of the Council
King George V Silver Jubilee Trust Fund	The Mayor and the Corporate Director of Children's Services
Local London Joint Committee	Leader of the Council and Chief Executive
Local Plan Steering Group	The Leader of the Council and Cabinet Members for Economic & Social Development and Social Care & Health Integration (voting Members) plus Chair and Deputy-Chair of the Development Control Board (non-voting)
London Councils Children and Young People Lead Member	Relevant Cabinet Member – Educational Attainment & School Improvement
London Councils Crime and Public Protection Lead Member	Relevant Cabinet Member – Enforcement & Community Safety
London Councils Culture & Tourism Lead Member	Relevant Cabinet Member – Community Leadership & Engagement
London Councils Economic Development / Regeneration Lead Member	Relevant Cabinet Member – Finance, Growth & Investment
London Councils Health and Adult Services Lead Member	Relevant Cabinet Member - Social Care & Health Integration
London Councils Housing Lead Member	Relevant Cabinet Member – Economic & Social Development

London Councils Employment & Skills Lead Member	Relevant Cabinet Member – Economic & Social Development
London Councils Planning/Infrastructure Lead Member	Relevant Cabinet Member – Finance, Growth & Investment
May & Baker Eastbrook Community Club	3 Eastbrook Ward Councillors (4 year appointments to May 2018)
Reserve Forces and Cadets Association for Greater London	The Leader or Deputy Leader(s) of the Council
Schools Investment Board	Relevant Cabinet Members: Finance, Growth & Investment and Educational Attainment & School Improvement
Skills, Jobs and Enterprise Board	Cabinet Member for Economic & Social Development automatically appointed

STATUTORY CO-OPTED MEMBERS 2016/2017

Education co-opted members

Education co-opted members have a statutory right to be involved in the Council's decision making processes. However, under the legislation this only applies to an Overview and Scrutiny committee where their functions relate wholly or partly to educational matters which are the responsibility of the Authority's Cabinet.

The Regulations state that a Local Education Authority shall appoint at least two but not more than five Parent Governor representatives to Overview and Scrutiny and, on the assumption that the Council still maintains Roman Catholic schools, the total number of Church representatives to be appointed shall be one Church of England and one Roman Catholic.

Both Parent Governor and Church representatives, who are elected for a four year period, have the right to vote on education matters and the right to Call-In Cabinet decisions as any other non-Cabinet Member.

The current Church representatives are:-

Church of England	Ms Ingrid Robinson (appointed on 18/7/2013)
Roman Catholic Church	Mrs G Spencer (re-appointed on 18/7/2013)

The Parent Governor representatives are elected for a four year period - one representing primary schools, the other representing secondary schools. The current holders of these positions are:-

Primary Schools	vacant
Secondary Schools	Tracy MacDonald (appointed on 15 December 2015)

Standards Committee Independent Persons – 3 posts

Section 28 (7) of the Localism Act 2011 requires local authorities to appoint at least one Independent Person, who will have an advisory role in the determination of allegations that a Member has not complied with the Members' Code of Conduct.

Mr Michael Carpenter	10 October 2012 to Assembly meeting following the Annual Assembly in 2018
Dr Gurpreet Singh Bhatia	1 March 2015 to Assembly meeting following the Annual Assembly in 2018
Pastor Thomas Aderounmu	1 March 2015 to Assembly meeting following the Annual Assembly in 2018

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ASSEMBLY

13 July 2016

Title: Development Control Board Membership	
Report of the Chief Executive	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: John Dawe, Democratic Services Group Manager	Contact Details: Telephone: 020 8227 2135 john.dawe@lbbd.gov.uk
Accountable Divisional Director: Fiona Taylor, Director of Law and Governance and Monitoring Officer	
Accountable Director: Chris Naylor, Chief Executive	
<p>Summary:</p> <p>This report advises on a proposed change to the membership of the Development Control Board and consequential changes to the Council Constitution.</p> <p>Under the current provisions of the Constitution the membership of the Board is 18 with a quorum of five members. Although not expressly required by the Constitution, the membership has typically been based on one member per ward plus the Cabinet Member with portfolio responsibility for regeneration. The current membership, as confirmed at the Annual Assembly in May, has one vacancy on the Board relating to the Heath ward.</p> <p>The recent changes agreed by the Leader to Cabinet portfolios means that planning and regeneration issues are now shared between the Cabinet Member for Economic and Social Development (Cllr Geddes) and the Cabinet Member for Finance, Growth and Investment (Cllr Twomey). Consequently it is necessary to reflect this change on the Board's membership. It has also been proposed by the Labour Group to distinguish both as ex-officio voting members of the Board in their capacities as the relevant portfolio holders rather than members in their own right, so that any future changes to portfolios can be implemented immediately without reference to Assembly.</p>	
<p>Recommendation(s)</p> <p>The Assembly is recommended to:</p> <ul style="list-style-type: none"> (i) Agree to increase the voting membership of the Development Control Board to 19 members, two of whom shall be ex-officio members by virtue of their portfolio responsibilities, namely the Cabinet Member for Economic and Social Development and the Cabinet Member for Finance, Growth and Investment, and (ii) Note that the Monitoring Officer shall make the necessary amendments to the Articles of the Development Control Board (Chapter 9, Part 2 of the Council Constitution). 	

Reason(s)

This report sets out proposed amendments to the Council's Constitution to allow for changes to be made to the membership of the Development Control Board as set out in the body of the report.

1. Financial Implications

Implications completed by: Kathy Freeman

- 1.1 There are no direct financial implications arising from this report.

2. Legal Implications

Implications completed by: Dr. Paul Feild Senior Governance Solicitor

- 2.1 Any significant changes to the Constitution other than minor administrative ones or to reflect changes in the law need to be agreed by Assembly. The Assembly is specifically responsible for making appointments to committees.
- 2.2 Following approval by Assembly, the Council's Constitution will need to be updated by the Monitoring Officer.

Background Papers Used in the Preparation of the Report:

- Council's Constitution (<http://moderngov.barking-dagenham.gov.uk/ielistmeetings.aspx?CId=626&Year=0&Info=1>).

ASSEMBLY**13 July 2016**

Title: Treasury Management Annual Report 2015/16	
Report of the Cabinet Member for Finance, Growth and Investment	
Open	For Decision
Wards Affected: None	Key Decision: Yes
Report Author: David Dickinson, Group Manager Pensions and Treasury	Contact Details: Tel: 020 8227 2722 E-mail: david.dickinson@lbbd.gov.uk
Accountable Director: Kathy Freeman, Finance Director	
Accountable Strategic Director: Jonathan Bunt, Strategic Director for Finance and Investment	
<p>Summary</p> <p>Changes in the regulatory environment now place a greater onus on Elected Members for the review and scrutiny of treasury management policy and activities. This report (the Treasury Management Annual Report) is important in that respect, as it provides details of the outturn position for treasury activities, significant new borrowing proposed, and highlights compliance with the Council's policies previously approved by the Assembly prior to the start of each financial year.</p> <p>This report presents the Council's outturn position in respect of its treasury management activities during 2015/16. The key points to note are as follows:</p> <ul style="list-style-type: none"> ➤ Investment income for the year was £3.7m (2014/15: £1.6m), an outperformance against budget of £834k; ➤ The Council's interest return of 1.37% for 2015/16 was 0.54% higher than the average London Peer Group return and 0.73% higher than the Local Authority average return; ➤ The value of investments as at 31 March 2015 totalled £227.1 million; ➤ The value of long term borrowing as at 31 March 2016 totalled £394.9m. This comprised market, PWLB and European Investment Bank loans; ➤ The value of short term borrowing as at 31 March 2016 totalled £57.2m; ➤ There was no long term General Fund borrowing in 2015/16; ➤ The Council did not breach its 2015/16 authorised borrowing limit of £802m or its Operational Boundary limit of £751m; and 	

- The Council complied with all other set treasury and prudential limits.

The Cabinet considered and endorsed the TMSS Annual Report at its meeting on 28 June 2016, although since that time an additional issue has come to light relating to the remaining £61m of funding from the European Investment Bank. The issue is covered in detail in paragraph 5.6 and Recommendations (vii), (viii) and (ix) have been added below.

Recommendation(s)

The Assembly is to recommended to:

- (i) Note the Treasury Management Annual Report for 2015/16;
- (ii) Note that the Council complied with all 2015/16 treasury management indicators;
- (iii) Approve the actual Prudential and Treasury Indicators for 2015/16;
- (iv) Approve the amendments to the counterparty limits as set out in section 4.4 of the report;
- (v) Note that the Council borrowed £50m from the Public Works Loan Board (PWLB) in June 2016 to fund capital expenditure;
- (vi) Agree to maintain the delegated authority to the Strategic Director for Finance and Investment, in consultation with the Cabinet Member for Finance, Growth and Investments, to continue to proportionally amend the counterparty lending limits agreed within the Treasury Management Strategy Statement to take into account the additional cash holdings resulting from borrowing from the European Investment Bank and the PWLB;
- (vii) Agree to borrow the remaining £61m from the European Investment Bank as soon as suitable regeneration projects are identified;
- (viii) Delegate authority to the Strategic Director Finance & Investment, in consultation with the Director of Law & Governance, and the Cabinet Member for Finance, Growth and Investment, to negotiate terms with the EIB; and
- (ix) Authorise the Director of Law and Governance, or an authorised delegate on her behalf, to execute all of the legal agreements, contracts and other documents on behalf of the Council.

Reason(s)

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

1. Introduction and Background

1.1. The Council is required by regulations issued under the Local Government Act 2003 (as amended 2010) to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16.

1.2 The report has been produced in accordance with the Revised CIPFA Code of Practice for Treasury Management in the Public Services 2009 adopted by this Council on 16 February 2010 and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.3 For the 2015/16 period Assembly received the following reports:

- an annual treasury strategy in advance of the year (Assembly 24/02/2015);
- a mid-year (minimum) treasury update report (Assembly 02/12/2015); and
- an annual review following the end of the year describing the activity compared to the strategy (this report).

1.4 This Annual Treasury Report covers:

- The Council's treasury position as at 31 March 2016;
- Economic Factors and Interest rates in 2015/16;
- Investment Strategy and Performance in 2015/16;
- Borrowing Outturn;
- Treasury Management costs in 2015/16;
- Compliance with Treasury limits and Prudential indicators;
- Lending to Commercial and External Organisations; and
- Prudential Indicators for 2015/16 (Appendix 1).

2. Treasury Position as at 31 March 2016

2.1 The Council's treasury position for 2014/15 and 2015/16 can be found in table 1:

Table 1: Council's treasury position at the start and end of 2015/16

	31-Mar-2015	Average Rate of interest	Average Life	31-Mar-2016	Average Rate of interest	Average Life
	£'000	%	Yrs	£'000	%	Yrs
Fixed Rate Debt - Long Term Borrowing						
HRA – PWLB	265,912	3.50	40.81	265,912	3.50	39.67
GF - Market	40,000	4.02	53.61	40,000	4.02	52.61
GF – EIB	89,000	2.21	29.83	89,000	2.21	28.83
Fixed Rate Debt - Short Term Borrowing						
GF - Local Authorities				57,200	0.52	0.08
Total Debt	394,912	3.26	39.34	452,112	2.92	39.34
Investments						
In-House*	217,926	1.08	0.80	227,111	1.37	1.24
Total Investments	217,926	1.08	0.80	227,111	1.37	1.24

* excludes a prepayment made to Elevate and external school cash balances.

- 2.2 The Council manages its debt and investment positions through its in-house treasury section in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities.
- 2.3 Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

3. The Economy and Interest rate in 2015/16

- 3.1 Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.
- 3.2 These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. The Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in 2015/16 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.
- 3.3 The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.
- 3.4 The European Central Bank (ECB) commenced a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015.
- 3.5 As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.
- 3.6 The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

4. Investment Strategy and Performance in 2015/16

4.1 Annual Investment Strategy (AIS) 2015/16

4.1.1 All investments were managed in-house and were invested with institutions of high credit standing listed in the Council's approved lending list and specified limits. The Council invested over a range of periods from overnight to two years and in some cases over two years dependent on the Council's cash flows, its treasury management adviser's view, its interest rate view and the interest rates on offer.

4.1.2 The Council meet quarterly with its Investment Adviser to discuss financial performance, objectives and targets in relation to the investments and borrowing managed on behalf of the Council. A monthly treasury meeting was held between the Strategic Director – Finance and Investment (SDFI) and the treasury section to discuss strategy and to ensure close monitoring of investment decisions. The Cabinet Member is briefed regularly on treasury activity by the Strategic Director.

4.1.3 The Council's investment policy is governed by CLG guidance, which was implemented in the 2015/16 AIS, approved by the Assembly on 24 February 2015. The policy sets out the Council's approach for choosing investment counterparties.

4.1.4 The key points relating to the annual investment strategy were:

- (i) As part of regulation changes within the banking sector the UK Government will remove the expectation that governments will support financial institutions in the event of an institution failing. To do this the UK Government has agreed a process to deal with a financial institution failure, which includes the option for institutional investors to lose part of their invested cash as part of a "bail in".

An area of concern is the potential for rating agencies to downgrade the banks the Council is invested with due to the loss of the implied government support. This could have brought them below the minimum credit rating agreed by the Council in the 2015/16 Treasury Management Strategy Statement (TMSS) or the equivalent for 2016/17. Members agreed that where the credit rating is taken into account, the minimum credit rating criteria be revised from A / F1 to A- F2.

- (ii) To support the significant savings requirement the Council has for 2015/16 and 2016/17, Members agreed savings targets for treasury. To achieve the interest target the treasury section needs to achieve the following average returns on an estimated average cash balance of £140m: The savings target and return target are outlined in table 2 below:

Table 2: Treasury Savings Targets for 2015/16 to 2016/17

Savings Proposal	2015/16 £000	2016/17 £000	Total £000
Increase in Average Return as Rates Rise	500	500	1,000
Increase Counterparty Risk	250	-	250
Increase Duration Risk	100	-	100
Total Savings	850	500	1,350
Target Return	1.25%	1.70%	

- (iii) To achieve the interest income budget set, without taking significant risk the treasury section has sought to increase the duration of a number of investments. Potential higher returns will be weighed against the risk of locking in investments.
- (iv) To maintain the authority delegated to the SDFI, in consultation with the Cabinet Member for Finance, Growth & Investment, to proportionally amend the counterparty lending limits agreed within the TMSS to take into account the initial increase in cash from the EIB but also the subsequent decrease in cash balances.

4.2 Investments decisions during 2015/16

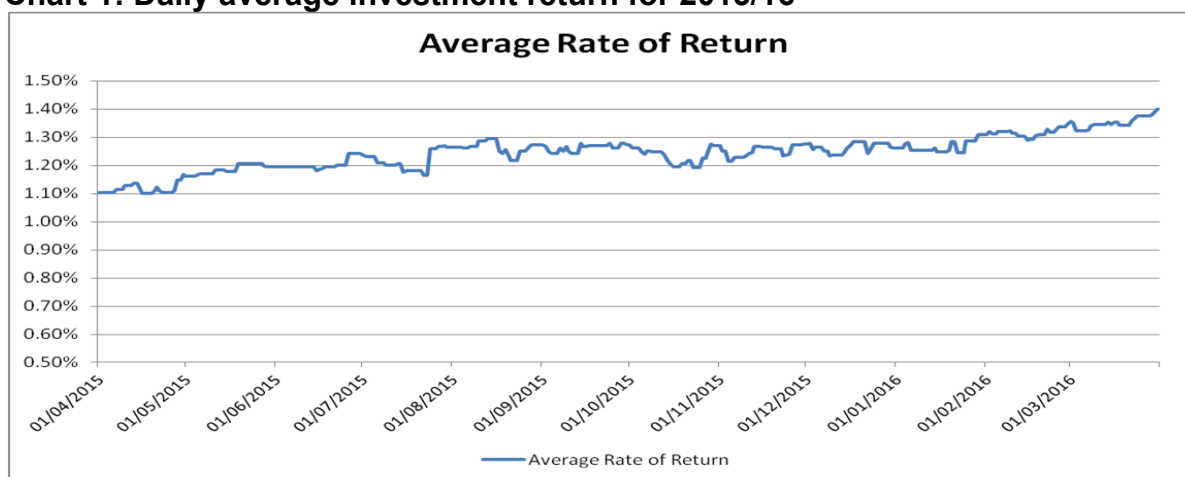
4.2.1 When making investment decisions the Council must have regard to its investment priorities being:

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

4.2.2 Using the above as the basis for investment decisions does mean that investment returns will be lower than would be possible were yield the only consideration. During 2015/16 the Council ensured that all investments were made with appropriately rated counterparties and that liquidity was maintained. On occasion short term borrowing was also used to allow the Council to take advantage of investment opportunities.

4.2.3 For 2015/16 an investment return target of 1.25% was used by the treasury section. During the year there were a number of opportunities for the Council to invest with credit worthy financial institutions as well as Local Authorities over a longer duration at much improved rates. These opportunities allowed the treasury section to provide an average return of 1.30% during the year and a yearend average return of 1.37%. Chart 1 shows the increase in the average return for the Council during the year

Chart 1: Daily average investment return for 2015/16



4.2.4 The average cash balance held was £230m, which included the use of short-term borrowing to cover some of the investment opportunities. Short-term borrowing was also used to smooth the cash flow fluctuations, allowing treasury to keep a significant proportion of its investments invested over a longer duration.

4.2.5 Due to the outperformance of the return and the significantly higher average cash balance held, treasury was able to outperform its benchmark by £834k, providing an overall gross interest income to the Council of £3.7m.

4.3 **Strategy Changes in 2015/16**

4.3.1 The Council's investment policy was agreed in the annual investment strategy approved by the Assembly on 24 February 2015. Members agreed to delegate authority to the SDFI in consultation with the Cabinet Member for Finance to proportionally amend the counterparty lending limits agreed within the TMSS to take into account the potential additional £150m from the EIB. During the year the SDFI made the following strategy changes:

- i. As at 22 July 2015 the Council held cash balances of £260m, significantly higher than forecast of £200m in the TMSS. A delegated decision agreed to temporarily increase the RBS limit set in the TMSS from £50m to £90m, with the increase to the unspecified limit, taking it from £30m for RBS to £90m.
- ii. To accommodate this increase, the limit on Lloyds was reduced, as and when deals mature, from £80m to £50m. This decrease supported the treasury strategy of reducing the Council's exposure to Lloyds as it became more evident that the government holdings in Lloyds would be sold in early 2016.

4.4 **Proposed Strategy Changes in 2016/17**

4.4.1 In February the Assembly agreed to counterparty limits for both specified investments (investments maturing within one year) and non-specified investments (investments with a maturity over one year).

4.4.2 The counterparty limits were set to accommodate the cash balances forecast for 2016/17 and included delegated authority given to the SDFI, in consultation with the Cabinet Member for Finance, to proportionally amend the counterparty lending limits agreed within the TMSS to take into account the additional cash holdings resulting from the £89m borrowed from the European Investment Bank.

4.4.3 As part of the Ambition 2020 a strategy was agreed to increase the Council's income generating asset base and enable the Council to be an active participant in the growth opportunities within in borough but with a very clear focus on return. The target investment return expected, after all costs, is 5% based on £100m investment. The majority of the £100m requires external borrowing and a strategy of borrowing when costs are low was implemented in early 2016.

4.4.4 In June 2016, as a result of uncertainty over the referendum, the cost of long term borrowing significantly reduced. As a result the SDFI agreed to borrow the following amounts from the Public Works and Loans Board (PWLB):

- On 9 June 2016 borrowed £20m at 2.72% with a 50 year maturity;
- On 14 June 2016 borrowed £10m at 2.65% with a 43.5 year maturity;
- On 28 June 2016 borrowed £10m at 2.49% with a 43.5 year maturity; and
- On 29 June 2016 borrowed £10m at 2.38% with a 46.0 year maturity.

4.4.5 There is potential for further borrowing to be made should rates continue to remain low. Chart 2 below outlines the significant decrease in the 50 year bond yield since the start of the year:

Chart 2: UK Government 50 year gilt yield 14 June 2006 to 29 June 2016



4.4.6 The borrowing taken out has the direct effect of increasing the cash balances held by the Council. As a result the counterparty limits need to change to accommodate this. The following proposed changes are recommended:

Counterparty / Financial Instrument	Non-Specified Investments Counterparty Limit £m		
	Maximum Duration	Current Counterparty Limit £m	Proposed Counterparty Limit £m
Lloyds Banking Group	1 to 3 years	£50m	£65m
Other UK Banks & Building Societies	1 to 3 years	£30m per counterparty	£40m per counterparty
Property Funds	N/A	£15m	£20m

4.4.7 The proposed changes will provide sufficient investment room with the major counterparties the Council invests with during the period of elevated cash balances.

4.4.8 As the elevated cash balances will be invested throughout 2016/17 and into 2017/18 it is recommended that delegated authority is given to the SDFI, in consultation with the Cabinet Member for Finance, to continue to proportionally amend the counterparty lending limits agreed within the TMSS to take into account the additional cash holdings resulting from borrowing from the European Investment Bank and the PWLB.

4.5 Performance Benchmark in 2015/16

As part of ensuring value for money and to monitor the Council's investment return, the Council's treasury performance is benchmarked by against a peer group of other Local Authorities. Benchmarking date is provided by the Council's treasury advisors, Capita Asset Services. Table 3 summarises the main investment benchmarking data as at 31 March 2016.

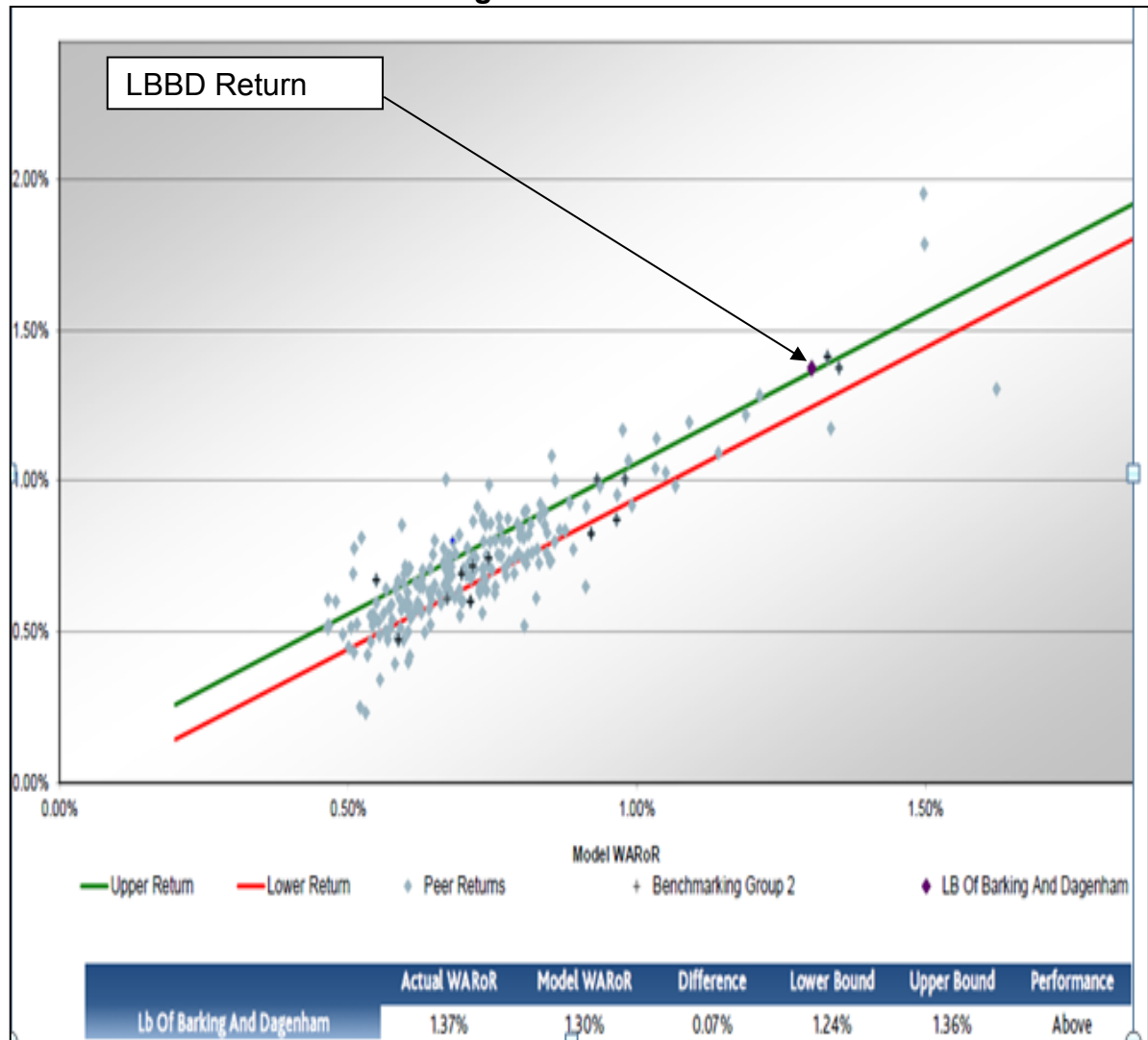
Table 3: Advisor's Benchmarking data as at 31 March 2016

Savings Proposal	LBBB	London Peer Group (20)	Total LA Group (223)
Weighted Average Rate of Return	1.37%	0.83%	0.74%
Model Banding Target	1.24% - 1.36%	0.83% - 0.95%	N/A
Weighted Average Maturity(days)	451	150	101
Credit Risk	3.57	3.63	3.98

The benchmarking data outlines the outperformance of the Council's investment return compared to a group of 20 London Boroughs and 223 Local Authorities (LAs). The Council's return for 2015/16 was 0.54% higher than the average London Peer Group return and 73% higher than the Local Authority average return. As the average cash balance held by the Council in 2015/16 was £230m, this equates to an outperformance of £1.25m and £1.68m respectively.

The benchmarking data includes a model banding target which is a target return banding for the duration and credit risk taken for the investments. The Council managed to outperform the upper model banding target by 0.01%. Chart 2 illustrates the Council's return against the upper and lower banding levels and shows the Council's performance compared to all LAs within the benchmark group.

Chart 2: Advisor's benchmarking data as at 31 March 2016



One of the main reasons for the Council's outperformance was the longer average duration of each investment, with the Council's average investment maturing over one year compared to an average for both benchmark groups of less than five months. As a general rule a longer duration would result in a higher risk score, however for the Council the credit risk of its investments are lower than both of the benchmark groups.

4.6 Investments Held as at 31 March 2016

Table 4 outlines the investments held by the Council as at 31 March 2016. The table also shows the interest rate received and the repayment date for each investment:

Table 4: Investments held as at 31 March 2016

Investment	Lowest Long Term Rating	Interest rate	Principal	Issue Date	Repayment Date
Santander Uk	A	0.92%	29,500,000	30/11/2015	05/07/2016
Lloyds Bank Plc	A	1.00%	5,000,000	13/04/2015	13/04/2016
Standard Chartered Bank	A+	0.90%	5,000,799	28/05/2015	27/05/2016
Lloyds Bank Plc	A	1.00%	5,000,000	04/06/2015	06/06/2016
Lloyds Bank Plc	A	1.00%	5,000,000	05/06/2015	06/06/2016
Lloyds Bank Plc	A	1.00%	5,000,000	03/07/2015	01/07/2016
Royal Bank Of Scotland	BBB+	1.85%	15,066,767	19/09/2014	19/09/2016
Royal Bank Of Scotland	BBB+	1.32%	15,023,780	30/01/2015	30/01/2017
Lloyds Bank Plc	A	1.15%	4,500,000	31/03/2015	31/03/2017
Royal Bank Of Scotland	BBB+	1.45%	20,125,592	30/04/2015	28/04/2017
Dudley MBC	AA+ Equivalent	1.05%	10,000,000	15/05/2015	15/05/2017
Royal Bank Of Scotland	BBB+	1.45%	20,039,294	26/06/2015	26/06/2017
Newport City Council	AA+ Equivalent	1.10%	2,000,000	10/08/2015	10/07/2017
Newport City Council	AA+ Equivalent	1.10%	1,500,000	09/09/2015	10/07/2017
Newport City Council	AA+ Equivalent	1.50%	2,000,000	10/11/2014	11/07/2017
Royal Bank Of Scotland	BBB+	1.80%	20,043,987	24/07/2015	24/07/2017
Wolverhampton CC	AA+ Equivalent	0.94%	8,000,000	28/09/2015	28/09/2017
Lancashire CC	AA+ Equivalent	1.02%	5,000,000	16/11/2015	16/11/2017
Lancashire CC	AA+ Equivalent	1.05%	5,000,000	08/01/2016	08/01/2018
Fife Council	AA+ Equivalent	1.00%	4,000,000	14/01/2016	15/01/2018
Valence Primary School	AA+ Equivalent	3.50%	200,000	12/02/2015	31/03/2018
Lancashire CC	AA+ Equivalent	1.00%	5,000,000	11/11/2015	11/05/2018
Lancashire CC	AA+ Equivalent	1.54%	5,000,000	20/11/2015	20/11/2018
Lancashire CC	AA+ Equivalent	1.54%	5,000,000	26/11/2015	26/11/2018
Lloyds Bank Plc	A	1.67%	5,000,000	20/01/2016	18/01/2019
Lloyds Bank Plc	A	1.67%	5,000,000	03/02/2016	01/02/2019
Lloyds Bank Plc	A	1.80%	10,000,000	15/03/2016	15/03/2019
Barking Riverside Ltd	N/A	3.50%	4,917,941	15/10/2014	01/04/2020
Grafton Primary School	AA+ Equivalent	4.50%	108,931	03/03/2016	03/03/2026
Gascoigne Primary School	AA+ Equivalent	4.50%	84,395	03/03/2016	03/03/2036
			Total	227,111,485	
			Average Return	1.37%	

5. Borrowing Outturn

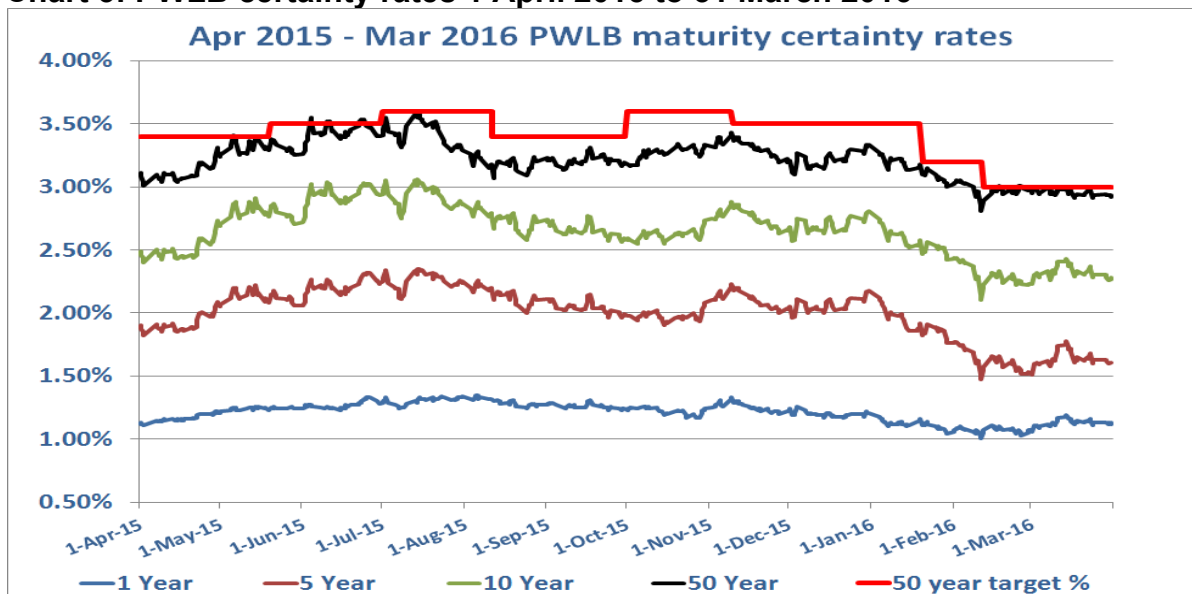
5.1 The key points relating to the 2015/16 borrowing strategy, as agreed within the TMSS, were:

- To set an authorised borrowing limit of £800m for 2015/16;
- The Council has borrowed £89m from the EIB to fund the urban regeneration and economic growth programme of Gascoigne Estate (East) Phase 1 and Abbey Road 2
- The Council's borrowing strategy, excluding EIB borrowing, 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 remain low, with consideration 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 a range of durations for long term fixed rate market loans where rates were significantly less than PWLB rates for the equivalent maturity period;
 - Use short dated PWLB variable rate loans where rates are expected to be significantly lower than rates for longer period;
 - Ensure that new borrowing, if required, is timed at periods when rates are expected to be low; and
 - Consider the issue of stocks and bonds if appropriate.
- The Council will continue to utilise internal borrowing rather than external borrowing as the opportunity arises.

5.2 Borrowing Rates in 2015/16

Chart 3 shows how Public Works and Loans Board (PWLB) certainty rates have fallen to near historically very low levels during the year.

Chart 3: PWLB certainty rates 1 April 2015 to 31 March 2016



5.3 Debt Rescheduling, Repayment and New Borrowing

Two market loan repayments/restructuring options were considered and rejected as they did not provide value for money. There were no opportunities to repay PWLB debt at discount.

5.4 Borrowing Owed as at 31 March 2016

A number of short-term loans with other Local Authorities were held as at 31 March 2016. The total value of the loans was £57.2m and these were held to cover a prepayment made to Elevate East London and to cover investment opportunities that arose towards the end of the financial year.

The Council held the following long term loans as at 31 March 2016

Counterparty	Loan Type	Start Date	Maturity Date	Principal	Interest Rate (%)
Barclays	LOBO loan - Fixed	30-May-08	30-May-78	10,000,000	3.98
Dexia	LOBO loan - Fixed	30-Jun-08	30-Jun-77	10,000,000	3.98
RBS	LOBO loan - Fixed	26-Mar-10	27-Feb-60	10,000,000	4.07
RBS	LOBO loan - Fixed	26-Mar-10	26-Mar-59	10,000,000	4.05
PWLB	PWLB loan - Maturity	28-Mar-12	28-Mar-42	50,000,000	3.50
PWLB	PWLB loan - Maturity	28-Mar-12	28-Mar-62	65,912,000	3.48
PWLB	PWLB loan - Maturity	28-Mar-12	28-Mar-61	50,000,000	3.49
PWLB	PWLB loan - Maturity	28-Mar-12	28-Mar-52	50,000,000	3.52
PWLB	PWLB loan - Maturity	28-Mar-12	28-Mar-60	50,000,000	3.49
European Investment Bank	Loan - Fixed	30-Jan-15	31-Mar-44	89,000,000	2.21
				394,912,000	

5.5 Borrowing in 2016/17

As outlined in section 4.4, in June 2016 the SDFI agreed to borrow £50m from the Public Works and Loans Board (PWLB) due to the significant decrease in the cost of long term borrowing. The details of the borrowing are summarised below:

On 9 June 2016 borrowed £20m at 2.72% with a 50 year maturity;
On 14 June 2016 borrowed £10m at 2.65% with a 43.5 year maturity;
On 28 June 2016 borrowed £10m at 2.49% with a 43.5 year maturity; and
On 29 June 2016 borrowed £10m at 2.38% with a 46.0 year maturity.

The total Council borrowing is now £444.912m, with the HRA borrowing totalling £265.912 and the General Fund borrowing totalling £179m.

5.6 European Investment Bank (EIB) Funding

At the September 2014 Assembly, Members agreed to borrow up to £150m from the EIB to fund a comprehensive urban regeneration and economic growth programme in the borough.

The EIB's rates for borrowing are generally favourable compared to PWLB, allowing for existing planned future borrowing from PWLB to be replaced by cheaper funding

from the EIB. The EIB appraises its funding plans against individual schemes, particularly around growth and employment and energy efficiency, and any monies borrowed are part of the Council's overall pooled borrowing.

The Terms agreed with the EIB were sufficiently flexible to provide the Council with the option of fixing the interest rate for some or all of the loan facility at completion of contracts, which allows the Council to drawdown tranches on the most economically advantageous terms.

The drawdown of the full £89m was completed on 30 January 2015 at a rate of 2.207% from the EIB to fund the urban regeneration and economic growth programme of Gascoigne Estate (East) Phase 1 and Abbey Road 2. A further £61m of EIB borrowing remained with a number of urban regeneration and economic growth programmes that could be funded from this source, e.g. later phases of the Gascoigne renewal, Barking Riverside gateway housing zone. To provide certainty on the availability and cost of funds, Assembly is asked to agree to borrow the remaining £61m from the EIB.

Members are asked to:

- i. agree to borrow the remaining £61m from the EIB as soon as suitable regeneration projects are identified;
- ii. delegate authority to the Strategic Director Finance & Investment, in consultation with the Director of Law & Governance, and the Cabinet Member for Finance, Growth and Investment, to negotiate terms with the EIB; and
- iii. authorise the Director of Law and Governance, or an authorised delegate on her behalf, to execute all of the legal agreements, contracts and other documents on behalf of the Council.

6. Treasury Management Costs

6.1 The costs associated with the Treasury Management function comprise of a recharge of a proportion of the internal team's salary, software, treasury management advisers fees and external managers fees.

6.2 Treasury management costs are summarised in table 2 below:

Table 2: Treasury Management costs for 2015/16

Salary Recharge	30,800
Software and other costs	8,245
Capita Treasury Limited	17,000
	56,045

7. Compliance with Treasury limits and Prudential Indicators

7.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordable limits) are included in the approved TMSS.

7.2 During the financial year to date the Council has operated within and complied with the treasury limits and Prudential Indicators set out in the Council's annual TMSS. The Council's prudential indicators are set out in Appendix A to this report. In 2015/16, the Council did not breach its authorised limit on borrowing of £802m.

7.3 The Operational limit set in the 2015/16 TMSS was £750m, which was not breached.

8. Lending to commercial and external organisations

8.1 As part of the Council's mitigation of risk strategies around delivering and continued value for money services with external organisations, the Council should from time to time have the ability to make loans to external organisations.

8.2 Section 2 of the Local Government Act 2000 (power of well-being) gives authorities the power to lend as part of promotion or improvement of economic /social wellbeing of the Borough. The guidance encourages local authorities to use the well-being power as the power of first resort removing the need to look for powers in other legislation. Further the power provides a strong basis on which to deliver many of the priorities identified by local communities and embodies in community strategies. The Strategic Director for Finance and Investment determines the rates and terms of such loans.

9. Conclusions

9.1 The key conclusions to draw from this report are as follows:

- a) The Council complied with prudential and treasury indicators in 2015/16;
- b) The value of investments as at 31 March 2016 totalled £227.1 million;
- c) The value of long term borrowing as at 31 March 2016 totalled £394.9m. This comprised market, PWLB and EIB loans; and
- d) The value of short term borrowing as at 31 March 2016 totalled £57.2m.

10. Options Appraisal

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

11. Consultation

11.1 The Strategic Director for Finance and Investment has been informed of the approach, data and commentary in this report.

11.2 The Cabinet considered and endorsed this report at its meeting on 28 June 2016.

12. Financial Implications

Implications completed by: Jonathan Bunt, Strategic Director for Finance and Investment

- 12.1 This report sets out the outturn position on the Council's treasury management position and is concerned with the returns on the Council's investments as well as its short and long term borrowing positions.

13. Legal Implications

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

- 13.1 The legal and governance provisions have been incorporated in the body of this report. There are no further legal implications to highlight.

14. Risk Management

- 14.1 The whole report concerns itself with the management of risks relating to the Council's cash flow. The report mostly contains information on how the Treasury Management Strategy has been used to maximise income throughout the past year.

- 14.2 EIB funded urban regeneration programme - The urban regeneration programme will be governed by a programme delivery board established in the Regeneration department. A programme manager will be identified within the Council who will be responsible for delivering each scheme within the investment programme.

Background Papers Used in the Preparation of the Report: None

List of appendices:

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

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The Prudential Code for Capital Investment in Local Authorities

Treasury Management Outturn Report 2015/16

1. Introduction

- 1.1 There are a number of treasury indicators which previously formed part of the Prudential Code, but which are now more appropriately linked to the Revised Treasury Management Code and guidance 2009. Local authorities are still required to “have regard” to these treasury indicators.
- 1.2 The key treasury indicators which are still part of the Prudential Code are:
- Authorised limit for external debt;
 - Operational boundary for external debt; and
 - Actual external debt.

2. **Net borrowing and the Capital Financing Requirement**

- 2.1 To ensure that borrowing levels are prudent over the medium term the Council’s external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure.
- 2.2 Net borrowing should not therefore, except in the short term, have exceeded the Capital Financing Requirement (“CFR”) for 2015/16 plus the expected changes to the CFR over 2015/16 and 2015/16 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2015/16.
- 2.3 **The authorised limit** – This sets the maximum level of external borrowing on a gross basis (i.e. Not net of investments) and is the statutory limit determined under Section 3 (1) of the Local Government Act 2003 (referred to in the legislation as Affordable Limit).
- 2.4 **The operational limit** – This links directly to the Council’s estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limits reflecting the most likely prudent but not worst case scenario but without the additional headroom included within the Authorised Limit for future known capital needs now. It should act as a monitor indicator to ensure the authorised limit is not breached.
- 2.5 The total CFR as at 31 March 2016 was £587.1m, which is lower than the Approved Authorised Limit of £802m and the Operational Boundary of £751m, which were set in the Treasury Management Strategy Statement for 2015/16. Total external borrowing as at 31 March 2016 was £452.1m.
- 2.6 The actual 2015/16 borrowing requirements and estimates for authorised limits and operational boundary limit set out in Table 1. Capital Programme Borrowing Requirement increases significantly in 2015/16 and 2016/17 as a result of the urban regeneration and economic growth programme of Gascoigne Estate (East) Phase 1 and Abbey Road 2.

Table 1: Operational Limit and Authorised Borrowing Limits

	2015/16 Estimate	2015/16 Actual	2016/17 Estimate	2017/18 Estimate
	£'000	£'000	£'000	£'000
Capital Programme Borrowing Requirement (Cumulative)	262,945	263,917	309,281	330,276
HRA Self Financing Debt	270,922	267,722	281,672	281,672
Alternative Financing Arrangements:				
- PFI Schemes on Balance Sheet	52,427	52,427	50,969	49,407
- Finance Leases	2,818	2,987	1,676	366
Total Alternative Financing	55,245	55,413	52,645	49,773
Total CFR	589,112	587,051	643,598	661,720
External Borrowing (Cumulative)	394,912	452,112	444,912	444,912
Operational Boundary on Borrowing	751,000	751,000	749,000	747,000
Authorised Limit (affordable limit)	802,000	802,000	793,000	794,000

3. Limits for Fixed and Variable Interest Exposure

The following prudential indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget.

The Council's existing level of fixed interest rate exposure is 100.0% and variable rate exposure is 0.0%. The high fixed interest rate is as a result of locking in low long-term rates for the HRA borrowing. The table 2 below shows the fixed and variable interest rate exposure.

Table 2: Fixed and variable rate exposure 2015/16 to 2018/19

Interest Rate Exposures	2015/16 Actual %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
Upper limit for fixed interest rate exposure	100.0	100.0	100.0	100.0
Upper limit for variable interest rate exposure	70.0	70.0	70.0	70.0

4. Maturity Structure of Fixed Rate Borrowing

This prudential indicator deals with projected borrowing over the period and the rates that they will mature over the period, as summarised in table 3.

Table 3: Borrowing as at 31 March 2016

Maturity structure of fixed interest rate borrowing 2015/16			
	Actual Position	Lower	Upper
Under 12 months	12.7%	0%	20%
12 months to 2 years	0%	0%	40%
2 years to 5 years	0%	0%	70%
5 years to 10 years	0%	0%	70%
10 years and above	87.3%	0%	100%

The fixed rate borrowing over 10 years was 87.35%, which is within the limits outlined below:

Table 4: Maturity Structure of Borrowing for 2015/16

	Upper Limit	Lower Limit
Under 12 months	20%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	70%	0%
5 years and within 10 years	70%	0%
10 years and above	100%	0%

5. Investments over 364 days

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

Maximum principal sums invested > 364 days £'000s	2015/16 £000's Actual	2016/17 £000's Estimate	2017/18 £000's Estimate	2018/19 £000's Estimate
Principal sums invested > 364 days	147,892	170,000	150,000	130,000

6. Summary Assessment

- 6.1 The outturn position is set out above in respect of the Prudential Indicators approved by Assembly in February 2015.
- 6.2 The outturn figures confirm that the limits and controls set for 2015/16 were applied throughout the year, and that the treasury management function adhered to the key principles of the CIPFA Prudential Code of prudence, affordability and sustainability. The treasury management indicators were regularly monitored throughout 2015/16.

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Appendix 2 - Glossary of Terms

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

The overall length of LOBO's is usually 50 or 60 years but can be shorter or longer periods. After the “step up” date, and at set intervals thereafter, the lender (the bank) has the option of increasing the “back end” interest rate. Whenever this option is exercised, if the proposed new rate is unacceptable, the borrower (The Council) can redeem the loan without penalty.

8. **Monetary Policy Committee** – independent body which determines the Bank Rate.
9. **Operational Boundary** – This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an early warning indicator to ensure the Authorised Limit is not breached.
10. **Prudential Code** – The Local Government Act 2003 requires the Council to ‘have due regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

11. PWLB – Public Works Loan Board. An institution managed by the Government to provide loans to public bodies at rates which reflect the rates at which the government is able to sell gilts.

ASSEMBLY**13 July 2016**

Title: Report of a Decision of the Standards (Hearing) Sub-Committee	
Report of the Monitoring Officer and Director of Law and Governance	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: David Symonds, Democratic Services Officer	Contact Details: Tel: 020 8227 2678 E-mail: david.symonds@lbbd.gov.uk
Accountable Officer: Fiona Taylor, Monitoring Officer and Director of Law and Governance	
Summary: The Localism Act 2011 governs the Council's ethical framework. That Act requires all relevant authorities to establish a Councillors' Code of Conduct. In accordance with the Council's Procedure for making Complaints against a Councillor for an alleged breach of the Code of Conduct, a Standards (Hearing) Sub-Committee was held on 25 February 2016 to consider a complaint alleging a breach of the Councillors' Code of Conduct.	
Recommendation(s) The Assembly is recommended to note the decision of the Standards (Hearing) Sub-Committee, held on 25 February 2016.	

1. Introduction and Background

- 1.1 This report sets out a determination on 25 February 2016 by the Council's Standards (Hearing) Sub-Committee regarding a Complaint made under the London Borough of Barking and Dagenham Councillors Code of Conduct.
- 1.2 The Complaint was that Councillor Ogungbose's behaviour towards a fellow Councillor (Councillor Freeborn, the Complainant) in the Members' Room at the Town Hall, Barking, on 1 July 2015, was aggressive, rude and contrary to the Code.
- 1.3 An investigatory report was prepared by the Deputy Monitoring Officer which found that evidence supported a conclusion that there may have been a breach of the Code of Conduct. It was therefore referred to the Standards (Hearing) Sub-Committee (the "Sub-Committee") for their consideration and decision.
- 1.4 The Sub-Committee met on Thursday 25 February to determine whether the evidence supported the complaint of a contravention of the Councillors' Code of

Conduct. The Members of the Sub-Committee were Councillor Peter Chand (Chair of the meeting), Councillors Edna Fergus and Councillor Maureen Worby. The Sub-Committee were advised by Chris Pickering (Legal Services) and the Independent Person, Dr. Gurpreet Bhatia and the Presenting Officer was Dr. Paul Feild (Legal Services). Councillor Ogungbose was accompanied by Councillor Phil Waker. The complainant and Councillor Carpenter gave evidence as witnesses.

2. Decision of the Sub-Committee

2.1 The Sub-Committee considered the investigatory report and evidence presented and then deliberated in private with the Independent Person and the Legal Adviser.

2.2 The Sub-Committee decided that the Councillor was acting in his capacity as an elected Member and therefore the Code of Conduct applied.

2.3 The Sub-Committee was satisfied that the behaviour breached the standard set out in paragraph 5.1 xi in the Code of Conduct, that is Members shall:

“value and respect colleagues, staff partners and public, engaging with them in an appropriate manner that underpins the mutual respect between us that is essential to good local government and not to act in a manner that could be deemed as bullying, harassment and intimidation.”

2.4 The Sub-Committee went on to decide an appropriate sanction for this conduct and determined that:

- The Councillor could benefit from training to deal appropriately and professionally with colleagues and the Monitoring Officer would be requested to arrange such training, and
- A report of the Sub-Committee’s findings should be made to the Assembly.

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

List of appendices: None

ASSEMBLY**13 July 2016**

Title: Appointment of Parent Governor (Primary) Co-optee to the Children's Services Select Committee	
Report of the Chief Executive	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Masuma Ahmed, Democratic Services Officer, Scrutiny, Law & Governance	Contact Details: Tel: 020 8227 2756 E-mail: masuma.ahmed@lbbd.gov.uk
Accountable Divisional Director: Fiona Taylor, Head of Law and Governance	
Accountable Director: Chris Naylor, Chief Executive	
<p>Summary:</p> <p>The Primary School Parent Governor representative position on the Children's Services Select Committee (CSSC) is currently vacant as a result of the previous representative resigning from the position.</p> <p>As stated in Part 2, Chapter 8 of the Council's Constitution and in accordance with the Education Act 1996 and the Local Government Act 2000, the CSSC should include a primary school parent governor co-optee to scrutinise education matters, appointed by the Assembly. Statutory co-optees have voting rights in respect of education matters only.</p> <p>Nominations to fill the vacancy were sought by Children's Services in May 2016 which resulted in one application, which meant that an election process was not necessary. The applicant is Mrs Ellen Grant who is currently a Parent Governor at William Bellamy Primary School.</p>	
<p>Recommendation(s)</p> <p>The Assembly is recommended to agree the appointment of Ellen Grant to the position of Parent Governor (Primary) Co-optee on the Children's Services Select Committee for a term of four years.</p>	
<p>Reason(s)</p> <p>To ensure that the Council's Scrutiny function is in accordance with the Council's Constitution and legislation.</p>	

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

List of appendices: None

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