

Notice of Meeting of the

ASSEMBLY

**to be held on Wednesday, 28 February 2018
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: 20 February 2018

Chris Naylor
Chief Executive

Councillors and senior officers are also invited to attend a presentation by the Cabinet Member for Equalities and Cohesion, Nick Lane, Head of Client Unit and Fiona Jamieson, Organisation and Member Development Officer, where the Members App will be launched and the uses of My Account for residents and Members will be illustrated. The presentation will take place in the Council Chamber from 6.00 pm until 6.45 pm, Members are requested to bring an iPad or laptop to the briefing.

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

Please note that this meeting will be webcast, which is a transmission of audio and video over the internet. Members of the public who attend the meeting and who do not wish to appear in the webcast will be able to sit in the public gallery on the second floor of the Town Hall, which is not in camera range.

To view webcast meetings, go to <https://www.lbbd.gov.uk/council/councillors-and-committees/meetings-agendas-and-minutes/overview/> and select the meeting from the list.

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 meeting held on 31 January 2018 (Pages 3 - 7)

4. Leader's Statement

The Leader will present his statement.

5. Appointments

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

6. Budget Framework 2018/19 and Medium Term Financial Strategy 2018/19 - 2020/21 (Pages 9 - 66)

7. Treasury Management Strategy Statement 2018/19 (Pages 67 - 105)

8. Pay Policy Statement 2018/19 (Pages 107 - 116)

9. Review of Council Governance Arrangements (Pages 117 - 169)

10. Motions

No Motions were received.

11. Questions With Notice

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

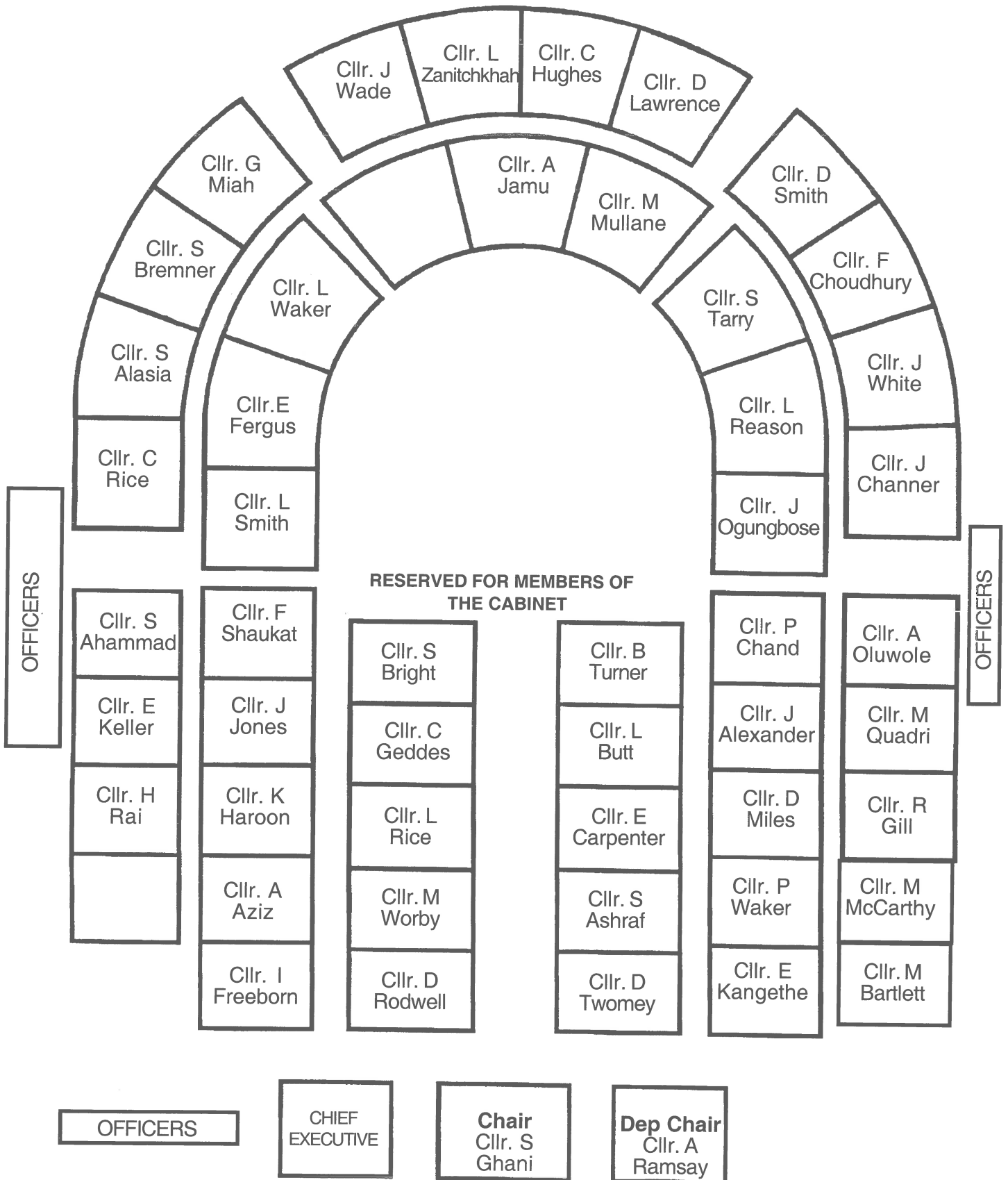
13. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

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.***

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

BARKING TOWN HALL COUNCIL CHAMBER



SEATING PLAN FOR THE ASSEMBLY

Our Vision for Barking and Dagenham

One borough; one community; London's growth opportunity

Our Priorities

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

Well run organisation

- A digital Council, with appropriate services delivered online
- Promote equalities in the workforce and community
- Implement a smarter working programme, making best use of accommodation and IT
- Allow Members and staff to work flexibly to support the community
- Continue to manage finances efficiently, looking for ways to make savings and generate income
- Be innovative in service delivery

MINUTES OF ASSEMBLY

Wednesday, 31 January 2018
(7:01 - 8:28 pm)

PRESENT

Cllr Syed Ghani (Chair)
Cllr Tony Ramsay (Deputy Chair)

Cllr Jeanne Alexander	Cllr Saima Ashraf	Cllr Simon Bremner
Cllr Sade Bright	Cllr Laila M. Butt	Cllr Evelyn Carpenter
Cllr Josephine Channer	Cllr Faruk Choudhury	Cllr Edna Fergus
Cllr Irma Freeborn	Cllr Cameron Geddes	Cllr Rocky Gill
Cllr Kashif Haroon	Cllr Chris Hughes	Cllr Jane Jones
Cllr Elizabeth Kangethe	Cllr Danielle Lawrence	Cllr Giasuddin Miah
Cllr Adegboyega Oluwole	Cllr Moin Quadri	Cllr Hardial Singh Rai
Cllr Chris Rice	Cllr Lynda Rice	Cllr Darren Rodwell
Cllr Faraaz Shaukat	Cllr Dominic Twomey	Cllr Phil Waker
Cllr Maureen Worby		

APOLOGIES FOR ABSENCE

Cllr Syed Ahammad	Cllr Sanchia Alasia	Cllr Peter Chand
Cllr Eileen Keller	Cllr Mick McCarthy	Cllr Dave Miles
Cllr Margaret Mullane	Cllr James Ogungbose	Cllr Danielle Smith
Cllr Sam Tarry	Cllr Bill Turner	Cllr Jeff Wade
Cllr John White		

40. Declaration of Members' Interests

There were no declarations of interest.

41. Minutes (22nd November 2017)

The minutes of the meeting held on 22 November 2017 were confirmed as correct.

42. Minutes of Joint JNC Salaries & Conditions and Appointments Panel held on 8 January 2018

The Assembly received and noted the minutes of the Joint JNC Salaries & Conditions and Appointments Panel held on 8 January 2018.

43. Leader's Statement

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

- The launch of the East London Women's Museum, which will open in 2019/20;
- The ground-breaking ceremony for the new £6m Youth Zone, the first of its kind

in London;

- The raising of the Rainbow flag the following morning to celebrate the start of LGBT (lesbian, gay, bisexual and transgender) month;
- The launch of the Wall of Shame on the Council's website, aimed at catching those who break laws and fly tip in the Borough; and
- The distribution of the Good Neighbour Guide, which set out some of the basic principles that people were expected to abide by.

44. Appointments

There were no appointments.

45. BAD Youth Forum Annual Report 2017

The Assembly received the BAD Youth Forum's 16th Annual report, introduced by the Group Manager for Integrated Youth Services who was accompanied by representatives of the Youth Forum.

The Group Manager advised that the Forum was made up of 60 young people, elected from schools and youth groups in the Borough, who undertook a number of activities and initiatives. One key initiative was the creation of sub-groups, which considered the following:

- **Child Sexual Exploitation (CSE) Sub Group:** The Sub Group, following a group decision to work on a CSE campaign, met with representatives from Barnado's who were training Sub-Group members to become CSE Ambassadors. The Sub-Group decided to focus particularly on grooming and the members made a short film to raise awareness of the 'grooming line', which addressed the different stages of grooming.
- **Young Mayor's Sub-Group:** The Sub-Group raised £3,482 for the Young Carers project through a variety of fundraisers such as cake sales, non-uniform school days, a cricket match and a charity football tournament.
- **Young Inspectors Sub-Group:** The Sub-Group focussed on sexual health and undertook 150 inspections of pharmacies who had signed up to the 'Come Correct' scheme. Arising from the inspections, 18 pharmacies had made improvements.

In addition to the regular activities that Forum members took part in during the course of the year, special activities included:

- Visiting the Houses of Parliament to learn more about national politics;
- Participating in the Borough's Youth Parade; and
- Attending a day of activities at Stubbers Outdoor Activity Centre.

The Assembly was pleased to hear that former members of the Forum were still involved in its work, offering support and guidance which was very much appreciated by the current members.

Following the presentation, a number of Councillors paid tribute to the excellent work of the Forum throughout the year and particularly mention was made of the

positive impact of the work of the CSE Sub-Group.

46. Council Tax Support Scheme 2018/19

The Cabinet Member for Finance, Growth and Investment presented a report on the proposal to retain the existing Council Tax Support Scheme and £50,000 discretionary hardship fund, in order to continue to support local residents who found themselves in exceptional hardship.

The Assembly **resolved** that the Council Tax Support Scheme implemented for 2017/18 be retained for 2018/19.

47. Motions

There were none.

48. Questions With Notice

Question 1

From Councillor Jones

Can the Cabinet Member for Social Care and Health Integration provide Councillors with an update on how the local hospitals performed over recent weeks?

Response

The Cabinet Member for Social Care and Health Integration advised that the latest figures from the Department of Health showed that the Barking, Havering and Redbridge University Hospitals Trust was the 24th worst performing out of 237 trusts in respect of patients waiting more than four hours in Accident and Emergency Departments. On a positive note, however, and despite the much publicised problems across the country, the excellent work of the Council's Mental Health Crisis Intervention team had meant that there had been only one case of delayed discharge from hospital in the same period.

Supplementary Question

Councillor Jones enquired as to whether the Health and Wellbeing Board (HWBB) could assist in help the hospitals to improve?

The Cabinet Member advised that although the HWBB wished to have open dialogue in order to resolve service problems, the Hospitals Trust was less forthcoming.

Question 2

From Councillor Jones

Can the Cabinet Member for Social Care and Health Integration comment on whether the change of job title for the Secretary of State will go far towards fixing the problems being faced in the NHS?

Response

The Cabinet Member for Social Care and Health Integration advised that the former Department of Health had always included responsibility for social care, although the change of name to the Department for Health and Social Care could assist in moving the social care system higher up the Secretary of State's priority list.

Question 3

From Councillor Miah

Will the relevant Cabinet Member update the Assembly on the Council's bid to become the London Borough of Culture?

Response

The Leader explained that the London Borough of Culture was a new culture initiative from the Mayor of London. The Council had a bold and ambitious long-term plan to put culture at the heart of the Borough and had bid to be the first London Borough of Culture in 2019, which carried an award of £1.1m. The winner would be announced on 27 February 2018.

Question 4

From Councillor Fergus

Can the Cabinet Member for Educational Attainment and School Improvement explain what action is being taken to ensure that more students from Barking and Dagenham gain a place at university?

Response

The Cabinet Member for Educational Attainment and School Improvement advised that the number of Barking and Dagenham residents attending university had risen significantly over the past few years.

Building on that, the 'Aimhigher' service, which was unique to Barking and Dagenham and had the full support of Borough schools, was established to develop, coordinate and deliver activities to support progression to higher education and its management was in regular contact with University outreach departments.

Question 5

From Councillor Haroon

Following recent reports of properties operating as brothels and cannabis

factories being found in Barking and Dagenham, can the relevant Cabinet Member update the Assembly on what progress is being made to stop rogue landlords from blighting our borough?

Response

The Cabinet Member for Enforcement and Community Safety advised that the Council had so far inspected 12,000 privately let properties as part of the ongoing Borough-wide scheme aimed at ensuring compliance with the rules and regulations relating to housing. Where non-compliance was found and improvement recommendations ignored by the landlords, the Council would take appropriate enforcement action and the Cabinet Member confirmed that 435 enforcement notices had been served in the current financial year to date.

Question 6

From Councillor Choudhury

Can the Cabinet Member for Finance, Growth and Investment advise the Assembly on the response to the public consultation on the Council's budget for 2018-19?

Response

The Cabinet Member for Finance, Growth and Investment advised that those who had responded to the online consultation were broadly accepting of the fact that the Council needed to take steps to mitigate the financial pressures it was facing. In response to two specific questions posed as part of the online consultation, 55% agreed or strongly agreed to an increase in Council Tax to fund services and 57% agreed or strongly agreed to the 3% social care precept.

Question 7

From Councillor Freeborn

Can the relevant Cabinet Member explain what the Council is doing to mark the 100th anniversary of women's suffrage in 2018?

Response

The Cabinet Member for Equalities and Cohesion advised that the Council would be celebrating the anniversary with a year-long programme of events under the banner of "HerStory". The "HerStory" campaign would honour women, past and present, who helped to drive change for greater equality.

This page is intentionally left blank

ASSEMBLY

28 February 2018

Title: Budget Framework 2018/19 and Medium Term Financial Strategy 2018/19 - 2020/21	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Claire Symonds, Chief Operating Officer	Contact Details: Tel: 020 227 5513 E-mail: claire.symonds@lbbd.gov.uk
Accountable Strategic Director: Claire Symonds, Chief Operating Officer	
Summary:	
<p>This report sets out the:</p> <ul style="list-style-type: none"> • Medium Term Financial Strategy (MTFS) for 2018/19 to 2020/21; • Proposed General Fund budget for 2018/19; • Proposed level of Council Tax for 2018/19; • Funding reductions to 2020/21 • Financial outlook for 2019/20 onwards; • Draft capital investment programme 2018/19 to 2021/22. • Update on the Strategy for the Flexible use of Capital Receipts <p>The General Fund net budget for 2018/19 is £145.368m and the proposed net budget for 2019/20 is £139.012m. The budget for 2018/19 incorporates changes in government grants, decisions previously approved by Members in the Medium Term Financial Strategy, savings approved by the Cabinet in July and November 2017 and other financial adjustments.</p> <p>The Council proposes to increase Council Tax by 2.99% (£33.85) Local Authority Precept Increase and 3% (£33.95) Increase for the Adult Social Care Precept. This 3% precept will be ring-fenced for this purpose. These increases which in total equate to £67.80 raise the level of Council Tax from £1,131.83 to £1,199.63 for a band D property.</p> <p>The Greater London Authority is proposing to increase their Council Tax by 5.1% (£14.21) for a Band D property, changing the charge from £280.02 in 2017/18 to £294.23 in 2018/19. The combined amount payable will therefore be £1,493.86 for 2018/19, compared to £1,411.85 in 2017/18. This is a total change of £82.01 for the Council Tax bill for 2018/19.</p> <p>The proposed draft four-year Capital Programme for 2018/19 to 2021/22 is £163.672m for the General Fund and £267.620m for HRA schemes. Details of the schemes included in the draft Capital Programme are at Appendix E.</p>	

This report was considered and endorsed by the Cabinet at its meeting on 19 February 2018, although it should be noted that the figures for the Capital Programme have been updated to reflect the inclusion of new schemes agreed by the Cabinet at that meeting.

Recommendation(s)

The Assembly is recommended to:

- (i) Approve a base revenue budget for 2018/19 of £145.368m, as detailed in Appendix A to the report, including the new savings proposals and other adjustments as detailed in this report.
- (ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2018/19 to 2020/21 allowing for other known pressures and risks at this time, as detailed in Appendix B to the report, including the additional cost of borrowing to accommodate the capital costs associated with the implementation of the MTFS;
- (iii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment, to finalise any contribution required to or from reserves in respect of the 2018/19 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2018;
- (iv) Approve the Statutory Budget Determination for 2018/19 as set out at Appendix C to the report, which reflects an increase of 2.99% on the amount of Council Tax levied by the Council, a further 3% increase in relation to the Social Care Precept and the final Council Tax proposed by the Greater London Assembly (5.1% increase), as detailed in Appendix D to the report;
- (v) Note the update on the Council's transformation programme;
- (vi) Approve the provision of a loan of £2.147m from the General Fund to the Barking and Dagenham Trading Partnership to cover the cost of new vehicles;
- (vii) Approve the Council's draft Capital Programme for 2018/19 to 2021/22 totalling £531.292m, of which £163.672m related to General Fund schemes, £267.620m is HRA and £100m is for Development activity, as detailed in Appendix E to the report;
- (viii) Approve the updated Strategy for the Flexible Use of Capital Receipts at Appendix H to the report and, in doing so, note that the some of the associated savings targets shall be subject to final business cases and confirmation at future meetings of the Cabinet; and
- (ix) Approve the updated Dedicated Schools Budget for 2018/19, including the hourly rate payable to Early Years providers (3 and 4-year olds), as detailed in section 14 of the report.

Reasons

The setting of a robust and balanced budget for 2018/19 will enable the Council to provide and deliver services within its overall corporate and financial planning framework. The MTFS underpins the delivery of the Council's vision of One borough; one community; London's growth opportunity and delivery of the priorities within available resources.

1. Introduction and Background

- 1.1 The purpose of this report is to provide an update on the Council's financial position and to seek agreement to proposals for the revenue budget for 2018/19 of £145.368m.
- 1.2 The report also sets out the Medium Term Financial Strategy (MTFS) for 2018/19 to 2020/21 and the Council Tax level for 2018/19 together with an update on our proposals to balance the books through to the end of the decade.
- 1.3 Local Government as a whole faces unprecedented financial challenges with year on year cuts to the funding from central government while the demand for services is rising. Councils can respond to this level of challenge in a variety of ways that reflect the scale of their ambition for their residents. This Council has chosen to take a bold, new and ambitious approach based on investing in services, maximising economic growth and the consequent opportunities and transforming the way the council runs.
- 1.4 This ambition has informed our approach to corporate strategic and financial planning since the summer of 2015 when the Council launched two key pieces of work:
 - A panel of independent experts – the Growth Commission - to review the Council's ambition to be London's growth opportunity, and to recommend how to maximise the contribution of the Borough and our people to the London economy. Their report was published in February 2016.
 - A new 'Ambition 2020' programme was initiated within the Council to re-examine every aspect of what the council does and how we are organised. The outcomes of this programme were reported to Cabinet in April 2016
- 1.5 Following extensive public consultation in the spring of 2016, Cabinet agreed the outputs and recommendations of both reports at its meeting in July of that year. Those recommendations were taken forward and embedded in the Council's MTFS approved in February 2017.
- 1.6 In 2017 the Borough Manifesto: Barking and Dagenham Together was published. This sets out a twenty-year vision for the Borough based on harnessing the energy, creativity and enthusiasm of its residents to make it "a place people are proud of and want to live, work, study and stay in"
- 1.7 As the above paragraphs indicate budget setting is no longer a simple financial matter. This report builds on the sound policy and strategic foundations put in place over the last three years and the regular financial updates on the MTFS presented to Cabinet in July and November. In addition, it provides an update on the implementation of the investment plans set out previously.
- 1.8 However, the MTFS is also a living document that is not set in stone but which needs to flex and adapt in the light of changes. This report therefore also brings forwards some new proposals to meet our current circumstances.

2. Our Medium Term Financial Strategy

People, money and politics

- 2.1 As a result of the deep cuts to our government funding, local authority budgets are under severe pressure. In our case this pressure is deepened by the real needs of our growing population. We have one of the fastest growing populations – for example Barking and Dagenham’s population increased by more than one-quarter (26%) between 2001 and 2016 from 163,900 to 206,500 residents: an increase of 42,500 people. This is a greater percentage change than England (12%) or London (23%).
- 2.2 Barking and Dagenham has a young population, with the highest proportion of 0–19s in the UK (32%). More than one in four (26%) residents is aged 0–14, compared with 18% across England and 25% in London, and this proportion has increased from 22% in 2001. In addition, the population is also more diverse and mobile than many areas of the country and indeed than traditionally was the case here. The ethnic make-up of the borough has also changed since the 2001 Census. The proportion of the population who are White British has decreased from 81% in 2001 to 49% in 2011. This is projected to continue to decrease to 38%. These characteristics can bring benefits and add to the vibrancy and creativity of the borough, but they also can make it more challenging for the Council to meet the needs of the changing community.
- 2.3 In addition it must be acknowledged that many of our residents live in more challenging circumstances than we would want for them. People in our borough die earlier, have poorer health, and lower levels of education and skills than in most other London boroughs. Barking and Dagenham remains among the most deprived areas in the country. In 2015, the relative deprivation of the borough (Index of Multiple Deprivation) increased from a rank of 20th to 11th in the country and from 7th to 3rd in London compared with 2010 index. In 2016, 67.3% of working-age residents (ages 16–64) were in employment, compared with 74.2% in England and 73.7% across London. These are the statistics that reveal the underlying reality for some of our residents: too many people are insufficiently skilled, too many are in low paid work and too many struggle to find suitable accommodation to live in. These and similar factors both drive the level of demand for services and also make it all the more important that the Council is ambitious to improve the lives of its residents.
- 2.4 There are particular challenges in Care and Support. Although the proportion of pension age residents is still relatively low, this is forecast to start to increase from 2020 onwards. However, the number of disabled people is increasing even now. This includes both people who become disabled in adulthood as a result of poor health or accidents and young people with severe disabilities from birth or infancy. The age profile of Personal Independence Payments (PIP) claimants suggests that Barking and Dagenham women suffer an earlier burden of chronic disease than women nationally. Our Care and Support services will work to support them to live full and active lives in the community, but this is resulting in increased demand for services.
- 2.5 In addition the child population is increasing which is leading to more demand for services including social care services to safeguard and support the most

vulnerable children. Nationally Children's Social Care services are under pressure and where sufficient investment is not made this can result in poor performance. This results in greater costs in the longer term as shown by the experience of authorities who are judged as failing by Ofsted who have faced additional costs in the millions to put right previous under investment. For these reasons we have been anxious to ensure that growth funding is provided for Care and Support.

- 2.6 Last year we began our growth focused transformation programme which means investing to meet local needs and deliver our ambitions. This is funded by making efficiency improvements and savings. However, to afford our ambitious plans we also need to make raise Council tax.
- 2.7 Since the beginning of the Government's austerity programme in 2010, Local Government has borne the heaviest share of cuts. Since 2010 Barking and Dagenham has already made over £131m of savings to date. This was largely driven by reductions in funding. The total funding (finance settlement) for LBBD has reduced from £115m in 2010 to £65.2m (2017/18), a reduction of £49.8m. It will further reduce by £8.5m to £56.7m by the end of the decade, a total funding reduction of £58.3m.
- 2.8 Along with these required savings as a result of funding cuts; the Council has faced and will continue to face severe demand pressures because of rapid population growth, demographic changes and high levels of deprivation which has resulted in a total savings requirement since 2010 to date of over £131m.
- 2.9 In February 2017, the Assembly agreed to set a balanced budget of £145.129m for 2017/18, which incorporated a number of one-off items and a transfer from General Fund balances of £2.8m. At that point, the Council's overall budget gap was £15m for 2018/19 and £22m overall to 2020/21.
- 2.10 Subsequent reports were reported to Cabinet in July and November 2017. The first of these reports amended the gap to £15.8m; this was largely achieved by removing a number of budget provisions such as the provision for demand pressures, inflation and legislative change.
- 2.11 The November report factored in a range of further adjustments for investment in key services and additional grant funding. It also set out new savings and efficiency proposals. The net effect of these proposals was to reduce the budget gap to £2.791m which it is proposed can be met by a planned drawdown from reserves.
- 2.12 Since then a number of further investments and adjustments have been identified. These together have a net nil overall effect and the final planned drawdown from reserves remains £2.791m.

3. Changes to Government Funding and Business Rates

- 3.1 The Government has begun a full-scale reform of the mechanisms for funding Local Government that changes the balance of locally and nationally raised funding. Under the existing arrangements Local Authorities receive a mixture of grant funding, business rates and Council tax funding to meet the main elements of their funding requirements.

- 3.2 Over the period of austerity, the main element of grant funding “Revenue Support Grant” has been reduced and will ultimately be phased out to be replaced by a system that relies more heavily on local taxes. These funding arrangements assume that authorities will raise council tax year on year in order to provide them with sufficient spending power to deliver services. As a result of the high levels of inflation, the expectation now is that authorities will raise council tax by up to 3%. This is in line with the December CPI figure of 3%.
- 3.3 In addition a number of other important grants received by councils have been reduced. This includes the Educational Services grant which has reduced from £3.4m to £0.6m over three years. The Housing Benefit Administration grant is also expected to be reduced following the introduction of Universal Credit. The additional funding provided by the New Homes Bonus to support increases in population and encourage house building has also been reduced in line with changes announced by the Government last year. Overall the reduction in non-ringfenced Government grant funding including RSG is expected to be £6.2m. This is still a provisional figure and will be confirmed by the Government in the final settlement published in February.
- 3.4 Additional funding for Adult Social Care has been provided in the form of the Improved Better Care Fund and the Adult Social Care support grant. However, the ringfenced Public Health grant has been reduced by £0.4m. The Adult Social Care allocation has allowed the Council to mitigate the substantial reduction in funding that would otherwise have to be borne by the adults’ care and support services and to make a series of investments in crisis response and hospital discharges, Mental Health services and our local market for the provision of social care services. As a result of the grant funding, the investment in adult social care services is able to increase, even as the resources that the Council has available to spend on it reduces. This will support us to continue our current high performance in supporting hospital discharge in which we were the fourth best performing council in the country according to the latest published figures.
- 3.5 The longer-term intention of the Government is to largely replace grant funding with business rates and other local taxation funding. As a step towards this longer-term reform a business rates pooling pilot across London has been established. Under this pilot the London authorities will retain 100% of their non-domestic rating income. London will not retain 100% of total rates collected, as it will continue to pay an aggregate tariff to Government. The London pool will retain 100% of any growth in business rate income above baselines and will pay no levy on that growth.
- 3.6 Cabinet has approved (in November 2017 and January 2018) joining this pool. Under this arrangement the Council expects to receive a share of the benefits of economic growth across London. The actual amount received will depend upon the level of growth and so cannot be guaranteed. An estimate of £1.1m was included in the MTFs in November. This has now been increased to £1.4m following confirmation of the methodology for sharing additional funding – **an increase of £0.3m since the November report.**

Investing in the Borough

- 4.1 In November 2016, the Cabinet agreed the Borough’s first Investment and Acquisition Strategy. The strategy set out proposals to leverage the Borough’s

growth potential over the coming 15 years to deliver both financial and community benefits. Over time the strategy will aim to be self-financing, with a pool of working capital to support acquisition costs funded from the disposal or refinancing of high value longer term assets. However, this medium term financial plan continues to support the initial implementation of the strategy by allocating funding in the Council's revenue budget for the borrowing costs of land acquisitions made during 2016/17 and 2017/18.

- 4.2 The Council will also continue to invest in the basic infrastructure of the Borough to ensure that it is a place where people want to live and work and feel pride in their environment. To this end, we have an annual capital programme of £10m and have allocated revenue funding to cover the associated borrowing and repayment costs. (For further information on our capital programme see section 12.)
- 4.3 As set out in November, altogether we have allocated £5.17m revenue funding to support our capital and investment programmes.
- 4.4 We have set aside £3.027m to invest in meeting increased demand for Care and Support within our growing population. This investment will be partly funded from the Adult Social Care precept. We have also set aside £0.750m to invest in services to prevent and reduce Homelessness and to meet our new obligations under the Homelessness Reduction Act. In doing this we have been aware of the needs of the most vulnerable of our community.
- 4.5 In November, we also outlined our plans to invest £7.077m to meet known budgetary pressures and to ensure services continue to meet our residents' expectations. This included increased funding for our Public Realm services. Since November these services have continued to examine how their performance and ways of working meet the needs of the borough. This has led to the development of a new service model that is more flexible and responsive and uses modern equipment and technology to get the best results. However, this work has also revealed that further investment is needed. We therefore propose to increase this budget by a **further £0.536m**.
- 4.6 In the July report, we removed the previous budgetary provision for the pay award and set out the expectation that this would be managed by services finding internal efficiencies. Since that time, the expected pay award has risen to a 2% increase with more for lower paid staff. However, this can still be managed by services in most instances. For those services where this is not a realistic expectation we have set **aside £0.472m** as a pay contingency budget.
- 4.7 The Council also recognises that staff are its biggest assets. Our approach has ensured that we can continue to invest in them and the organisation to improve services and their ability to do a great job. Examples of this are maintaining terms and conditions of employment including paying at, or above, the London Living Wage and continuing to offer a career average pension scheme and paid sick leave, season ticket loans, employee benefit package and flexible working arrangements. The London Living Wage will increase to £10.20 per hour from £9.75 per hour from October 2017. The impact to the Council is £0.012m which will also be managed from this pay contingency.
- 4.8 In its financial planning the Council has always prioritised expenditure in front line

services. However, having effective technology and systems is an integral part of modern service delivery. An in-depth review of spending on Core services has therefore been undertaken and this has identified the need to create a Core Infrastructure fund with an annual budgetary contribution of £0.8m to ensure that back office services continue to support our front line as effectively as possible. This will fund revenue costs of our IT services and also be a source of capital investment. Among other things this will be used to enable public access to computers in our libraries and other community venues.

- 4.9 These new proposals will add £1.808m to the £16.569m investments already set out in the existing MTFS presented to Cabinet in November

5 Transforming our Council

- 5.1 In April 2016 the Cabinet approved a set of ambitious proposals that taken together will result in the total transformation of the Council's operations and a total saving of £48m. This has now become an ambitious and challenging programme that is live within the Council. Implementation of these plans is proceeding well with many savings already safely delivered or well on track. The table below shows the expected savings by programme.

Area	2017/18 Saving	2018/19 Saving	4-year ongoing Saving
Care and Support	4,352	3,539	11,228
Community Solutions	243	2,481	4,571
My Place/Parks	1,298	807	5,584
Growth and Commercial	1,550	3,726	19,002
Cross Cutting	1,833	792	7,556
TOTAL	9,276	11,345	47,941

- 5.2 As we approach the end of 2017/18 we have already made significant progress on this programme. We have restructured the Council in April and November this year into new Service Delivery blocks shaped around the needs of our people, the place and our ambitions.
- 5.3 The Council's wholly owned development company, Be First, came into existence in October 2017. The next structural changes will take place in April when it is planned for a number of new trading entities to begin.
- 5.4 In addition to these structural changes we have begun to work in different ways. Care and Support services have adopted new Target Operating Models based on locality teams. These services will work with individuals in an enabling and strength-based way to support them to live full lives. Meanwhile Community Solutions has brought together a number of existing teams to provide an integrated prevention and early help service.
- 5.5 Given the importance of this programme and the substantial risks underpinning delivery the progress of these savings is monitored and reported monthly to the Council's senior management. All saving initiatives are categorised as either low, medium or high risk. Savings are categorised as high risk by the PMO and Finance if they are not specified in adequate detail; if there is no agreed delivery plan; or if

the timing or value of the agreed saving is unclear. This approach enables management attention to be focussed on these high-risk items to ensure timely mitigating actions are agreed and implemented.

5.6 Overall, the programmes are progressing well to deliver the savings / income target. The current risk profile is to be expected for a programme of this scale and sponsors remain confident this can be delivered, although a risk contingency has been incorporated in the 2018/19 MTFS to address potential shortfalls against this target as set out in paragraph 5.9 below. The current main risk factors and potential shortfalls are explained below

5.7 Update on the Current Risks and Issues for the Transformation programme

5.7.1 Customer Experience & Digital

Good progress is being made to design the new website, automate digital processes, improve telephone access and migrate customers to more effective channels whilst improving the customer experience. The value of realisable savings is to be confirmed as some savings are potentially double counted with other programmes and there could be contractual issues negotiating efficiency related headcount reductions with Elevate. Work is ongoing to confirm the actual value of savings that the programme will deliver.

5.7.2 Core Support Services

The Core Support Services Programme savings are not due until 2020/21. These savings will be achieved through the renewal of current Support and Customer services contract and right-sizing core services to support the new organisational structure. Work is progressing to understand the future core service requirements and to evaluate options for delivering these.

5.7.3 Parks Commercialisation

There are income opportunities in Parks from commercial activities. The feasibility study will be complete in March 2018 and further work will then be required to determine the investment required and realisable net income. This income is high risk as the scheme will be subject to consultation, planning and DCLG approval.

5.7.4 Be First

The inaugural five-year Business Plan for Be First was presented to the Cabinet on 19 February 2018. This set out how Be First would achieve a total cash return of £12.299m by 2020/21. In addition, there will be a Council saving of around £0.5m from deleting the current in-house service budgets. This currently leaves an annual shortfall of around £3.7m against the 2020/21 MTFS. As to be expected from a business of this nature, the savings and income profile is likely to be uneven with income being generated above target in some years and under target in others. It is therefore proposed that a smoothing reserve is established so that excess income generated in one year can be carried forward to support shortfalls in later years. However currently there is a cumulative shortfall of £2.8m for the Council after taking into account the Be First figures. Further information on how this will be resolved will be included in subsequent MTFS reports.

5.7.5 Investment Strategy

Overall, the Investment Strategy is scored medium risk and the overall Investment Strategy financial model is being reviewed. However, the Sponsor is confident that target income can be delivered.

The return from the purchase of Street Properties is currently scored high risk whilst the financial model for this initiative is being refined to reflect actual property purchase prices and target rents.

5.7.6 Public Realm

Work has progressed to determine the future service model, delivery costs and agree the additional funding required to enable Public Realm to be delivered within its base budget. The service is experiencing a £0.5m shortfall in savings which is contributing to an in year overspend. The growth funding provided above provides funding to write off these savings. The current service delivery model and budgets have been thoroughly reviewed this year and a number of savings have been identified as incompatible with future plans for the service and so in addition it is proposed to write-off of £1.8m future savings in this service.

5.7.7 Community Solutions

The service is established and the programme is progressing well and on track to exceed the 2017/18 saving target, but savings in future years from Employment and Skills, reducing temporary accommodation costs and streamlining services remain high risk.

5.7.8 Redesign Children's Social Care

This programme is also forecasting that 2017/18 and 2018/19 agreed savings targets will be exceeded, although there are also significant inherent base budget pressures. Work is in progress to deliver the future year savings, but some of these initiatives are high risk including: The PAUSE Programme, The Edge of Care Social Impact Bond; and EU Social Worker recruitment.

5.7.9 Redesign Adults Social Care

This programme is forecasting a £1.5m savings shortfall in 2017/18 that will be funded by grant. Other savings initiatives scored as high risk include: Assessment Reviews, which will commence in March 2018; Older People's Housing Pathway which is dependent on the Older People's Strategy being developed which should be complete in June; and Digital preventative measures which are being progressed, but savings are difficult to evidence.

5.7.10 Disability Service

The Disability Service has been established, but further work is required to determine the detail of how some savings targets will be realised. Work is progressing to develop this detail and these savings may be achieved by introducing additional mechanisms to scrutinise costs. This is rated as high risk until the detailed plans are agreed.

- 5.8 Following the detailed monitoring and review described above it is therefore proposed to write off the following savings:

	2017/18	2018/19	2019/20	2020/21	TOTAL
Customer Services	380				380
Public Realm	540	300	929	579	2,348
Total	920	300	929	579	2,728

- 5.9 In addition a £2m provision has been made for further write-off of savings if this is shown to be required. If this provision was fully used, 10% of the transformation savings would have been written off and 90% achieved which is a realistic but stretching target given the scale and scope of our ambitions.
- 5.10 The Barking and Dagenham Trading Partnership will be established on 1 April 2018. The Council has previously agreed a working capital credit facility to ensure the successful implementation of the new company. In addition, it is proposed that the Council will provide a loan of £2.147m from the General Fund. This will enable the company to purchase a new fleet of suitable vehicles to support its operations. Previously the Council has hired its fleet but an analysis of the financing arrangements for the new company has shown that it is more cost efficient to purchase the vehicles outright. The loan will incur an interest charge at 3% and repayment over five years payable by the company to the council. This equates to an annual charge of £0.59m a year.

6. Further Savings

- 6.1 As set out in November the scale of government cuts and the high level of investment that we propose to make in the borough will require further savings. £9.6m of savings were identified and consulted upon. These are set out again as an appendix to this report.
- 6.2 However following the changes to business rates and council tax described elsewhere in this report it has become possible to reduce the level of savings required to £9.4m. As the residents' survey shows that the Summer festivals are highly valued it has been decided to allocate the additional funding to this programme. This programme is of great importance to our borough, supporting our aims of improving access to live music and culture, promoting community cohesion and creating civic pride and ownership. Retaining this programme is a symbol of our commitment to investing in the people of this borough and our determination to create services and opportunities for all our residents.

7. Council Tax

- 7.1 Barking and Dagenham maintained a Council Tax freeze from 2008/9 until Assembly approved an increase for the 2015/16 budget. The impact of not increasing Council Tax is cumulative over many years and this freeze has resulted in a tax base that is now £15m lower than it would have been had it risen by 1.99% every year.
- 7.2 Given that government funding is reducing in real terms every year while the Council's costs are increasing the Chief Financial Officer strongly advises that

council tax should as a minimum keep pace with inflation to ensure that the council can continue to meet the demands placed upon it.

- 7.3 The Chancellor has recognised the importance of this principle by allowing Councils to raise council tax by 2.99% without incurring any penalties or being required to hold a referendum. It is therefore proposed that the general Council tax increase should be 2.99%. This is expected to provide £1.651m of additional funding that will be used for the investments in services outlined above.
- 7.4 Government has also recognised that nationally there is significant pressure to fund the care need by the country's older population but has not chosen to fund this directly but rather has allowed councils nationally to introduce a 3% precept on their Council Tax to offset against the cost of Adult Social Care. In Barking and Dagenham, the budget reductions of recent years together with demand pressures arising from the impact of a population that suffers significantly poorer health as described above and rising provider costs mean that the budget does not meet demand. The Adult Social Care budget in recent years has been very narrowly balanced and overspends have only been prevented by the addition of extra monies from grants and previous council tax increases or by drawing on reserves. These reserves will be fully drawn down next year. The service has put in place a number of schemes and service improvements to reduce demand but it will not be able to stay within budget without additional funding.
- 7.5 It is therefore proposed that the Council increases Council Tax by a further 3% which will be ring-fenced to mitigate the pressures experienced by Adult Social Care.
- 7.6 These increases, which in total equate to £67.80, raise the level of Council Tax from £1,131.83 to £1,199.63 for a Band D property. This raises an additional £3.307m.
- 7.7 In addition as set out in a report to Cabinet in January the number of dwellings liable for Council Tax has increased. This will result in £1.7m additional income to the borough.

8. The 2018/19 Budget

- 8.1 The net impact of the adjustments outlined is shown below.

	2018/19
Income/Funding Changes	
Minor Changes to Grant funding/growth pressures	-88
Increase in Council Tax Base	-1,119
Business Rates Pooling	-300
New costs/pressures	
Funding for Public Realm	536
Core Infrastructure funding	800
Pay Award	472
Remove Summer Festivals Savings	269
NET IMPACT	570
Additional Council tax increase	-570
NET IMPACT	0

8.2 The resulting MTFs is shown in the table below with further detail in the Appendices. The indicative service block budgets are provided in Appendix A and the Statutory Budget Determination for 2018/19 is set out in Appendix C of this report.

	2018/19 £000	2018/19 £000	2019/20 £000	2020/21 £000
	Nov' 17	Feb' 18	Revised	Revised
Prior Year (Surplus) / Deficit			0	13,716
Budget Increases				
Roll Forward of 2017-18 budget gap	8,129	8,129	-	-
Capital Investment	1,400	1,400	900	900
Financing	3,770	3,770	600	420
Inflation - Staff	-	472	1,000	1,000
Inflation - Non Staff	-	-	2,100	2,100
Levies	440	440	350	350
Demography/Demand	3,088	3,027	3,033	3,660
Legislation	795	795	2,377	2,000
Corporate/Other Service Pressures	7,717	9,053	260	260
Total Additional Costs	25,339	27,086	10,620	10,690
Changes in Income & Funding				
Government Grants	841	841	8,083	9,175
Council Tax	(3,299)	(5,015)	(1,727)	(1,786)
Business Rates	(1,100)	(1,400)	-	-
Total Changes in Income	(3,558)	(5,574)	6,356	7,389
In year Budget Gap	21,781	21,512	16,976	18,079
Savings				
Savings approved by Cabinet	(11,344)	(11,344)	(12,784)	(14,538)
Non-Delivery of Savings	2,000	2,000	929	579
Additional Savings	(9,646)	(9,377)	5,804	(2,221)
Total Savings	(18,990)	(18,721)	(6,051)	(16,180)
In Year Budget Gap Including Savings	2,791	2,791	10,925	1,899
Other Adjustments				
Revised Budget Gap after other adjustments	2,791	2,791	10,925	1,899
Use of Reserves in 2018-19	(2,791)	(2,791)	2,791	
Cumulative Budget Gap including Savings	0	0	13,716	15,616

8.3 Details of the levies (Environment Agency, East London Waste Authority, Lee Valley Park, London Pension Fund Authority) the Council is required to pay in 2018/19 are yet to be confirmed. The budget includes an increased provision for the cost of levies of £0.440m in respect of the ELWA levy.

8.4 It is proposed that authority is delegated to the Chief Operating Officer in consultation with the Cabinet Member for Finance, Growth and Investment to make the necessary adjustments using the funding provision or from reserves following confirmation of levy and final funding announcements.

9. Council Tax Requirement

9.1 As outlined in section 8 above, it is proposed to increase Council Tax by:

- 2.99% Local Authority Precept Increase; and

- 3% Increase for the Adult Social Care Precept.

9.2 These increases (£67.80) raise the level of Council Tax from £1,131.83 to £1,199.63 for a Band D property.

9.3 The Greater London Authority has provisionally proposed a 5.1% increase in its charge for 2018/19. The Council Tax charge would be increased from the 2017/18 amount of £280.02 to £294.23 in 2018/19

9.4 The calculation of the proposed Council Tax for 2018/19 is shown in Appendix D.

9.5 Under the Local Government Finance Act 1992, Council Tax must be set before 11 March of the preceding financial year.

10. Consultation

10.1 A public consultation was carried out in the spring of 2016 with regards to the A2020 programme and the council's future operating model. 89% of those who completed the consultation were supportive of the proposals.

10.2 The statutory budget consultation with the public and business on the proposals for 2018/19 ended on 24 January 2018.

10.3 Accompanying these surveys have been four roadshows in which members of the public and business can discuss the council budget proposals with Councillor Twomey. This year for the first time there was also two live webchats with the Cabinet Member facilitated by the Dagenham Post during which he took questions and comments from the public.

10.4 The face to face roadshows were attended by 15 people including representatives of the Community and Voluntary sector and Tenants and Residents' Associations. 82 responses were submitted to the consultation web portal and the webchat received around 4,600 views, 226 comments and 29 shares. One email was received by the Finance team.

10.5 The wide range of comments and questions received showed a high level of interest and engagement with the Council – some comments were quite critical of the Council, but many were supportive and sympathetic to our financial situation. In answer to the specific questions on the website consultation:

- 55% agreed or strongly agreed to an increase in Council tax to fund services
- 57% agreed or strongly agreed to the 3% Adult Social Care precept.

10.6 This report was considered and endorsed by the Cabinet at its meeting on 19 February 2018, although it should be noted that the figures for the Capital Programme have been updated to reflect the inclusion of new schemes agreed by the Cabinet at that meeting.

11. Update on implementation costs and flexible use of capital receipts

11.1 Given the scale and ambitious nature of the Transformation programme it was agreed to provide additional funding for its implementation and delivery. An

implementation budget of £23.6m was approved in February 2017. The total forecast spend is currently £21.5m with an unspent £2.1m programme contingency comprising of the original contingency (£1.75m) plus retained programme underspends (£0.35m). Appendix I shows the breakdown of spend by programme together with the associated savings and income generated.

- 11.2 Underspends within the programme have also been used to fund additional activities that were not originally in scope of the programme, but support the Council's transformation agenda, including implementation of New Ways of Working and programme management support within Inclusive Growth.
- 11.3 In recognition of the level of risk involved in delivering a programme of this scale, it is considered prudent to retain this level of contingency within the programme for the time being. However, the next calls on this contingency will be resourcing to support delivery of the Core Support Services Programme, for which no original budget was sought, and any further resourcing that may be required to deliver additional savings.
- 11.4 This implementation budget is funded by a combination of capital receipts, capital borrowing, loans (for funding wholly owned B&D companies) and HRA. Last year the Secretary of State was empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a Direction is made, the specified expenditure can then be funded from capital receipts under the Regulations. This dispensation has been extended for three years until 2020/21.
- 11.5 The Council welcomed the Government's Flexible Use of Capital Receipts dispensation and set out in last year's MTFS how it would help the authority deliver savings while protecting revenue budgets. The Council approved a Flexible Use of Capital Receipts Strategy last year and has been working within that framework. The updated strategy is included as an appendix to this report.

12 Capital Programme

- 12.1 The Council's current capital budget for 2017/18, inclusive of the Gascoigne Estate scheme (£35.560m), is £302.238m - £227.968m General Fund and £74.271m HRA.
- 12.2 The budgets for the following five years are draft and may change because of budget roll-forwards from the 2017/18 financial year, for example if there has been programme slippage. A summary of these budgets is shown in the tables that follow. At present the planned General Fund programme for 2018/19 to 2021/22 is £163.672m and the HRA programme for the same period is £267.620m
- 12.3 The two most significant areas of the capital programme are the provision of school places and housing. This reflects the needs to deal with a high birth rate and high level of migration into the borough. School expansion schemes are funded by Central Government (via the Education and Skills Funding Agency), and the HRA programme is self-financed by the HRA using a mixture of Government grants, capital receipts and HRA revenue funding. Therefore, they do not pose a pressure on the General Fund, in terms of needing to borrow and servicing the cost of borrowing. The 2019/20 onwards Schools Programme is still under discussion and negotiation and is likely to expand from the low figures shown below.

- 12.4 Another significant area of the programme is the Corporate Accommodation Strategy. This will rationalise the corporate office portfolio, which will enable future capital receipts and revenue savings to be realised.
- 12.5 The budget framework makes available £10m for capital schemes each year. The £10m made available in 2017/18 has been fully allocated to schemes, but for subsequent years the funding has only been partially allocated. The table below summarises the position on the currently approved capital programme updated for any changes to profiling or estimates. A full breakdown is also given as an appendix to this report.

Table 1: Five Year Capital Programme (2017/18 – 2021/22)

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Care & Support	1,870	400	400	400	400	3,470
Community Solutions	3,686	1,720	400	350	-	6,157
Core	9,202	100	438	172	-	9,912
Customer Access & Technology	3,992	-	-	-	-	3,992
Education, Youth & Childcare	25,323	52,937	10,912	946	-tbc	90,118
Enforcement	9,167	5,432	4,484	40	-	19,123
Culture, Heritage & Recreation	840	3,836	550	600	-	5,826
Investment Strategy	77,219		-	-	-	77,219
Growth & Homes & Regeneration	90,376	65,277	3,916	-	-	159,569
My Place	1,209	-	-	-	-	1,209
Public Realm	999	706	205	195	195	2,300
SDI Commissioning	4,085	1,112	480	-	-	5,677
NEW SCHEMES		1,695	2,524	2,550	300	7,069
General Fund Total	227,968	133,215	24,309	5,253	895	391,640
HRA Total	74,271	86,720	63,680	61,610	55,610	341,891
Development Credit Facility		100,000				100,000
Total Capital Programme	302,238	319,935	87,989	66,863	56,505	833,531

Financed by:

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Capital Grants and S106	42,831	54,903	10,912	946		109,592
HRA/MRR	64,426	92,374	63,680	61,610	55,610	337,700
Borrowing	181,062	171,074	12,997	3,907	495	369,536
Revenue	400	400	400	400	400	2,000
Reserves	190	400	-	-	-	590
Capital Receipts	13,329	784			-	14,113
Total	302,238	319,935	87,989	66,863	56,505	833,531

- 12.6 Five bids were received during the latest round of bidding to access the Capital Funding programme amounting to £9.469m over the next five years, and £2.195m relating directly to 2018/19. After undertaking an assessment of all bids, the amount recommended to the board for approval was £7.369m over the next five years, with £1.695m relating directly to 2018/19. These bids are shown in the appendix.
- 12.7 The bids accepted include works to implement the Local Flood Risk Management plan, essential safety works to bridges and structures, works to allow consolidation of Controlled Parking Zones and critical repairs to Woodlands House – the Council’s Registry Office. A bid for IT upgrades, improvements and essential works is also included.
- 12.8 If no further bids are received during 2018/19 the unused budget allocation will be rolled forward to the next financial year or may be used to fund emergency in-year capital submissions.
- 12.9 In January 2018 Cabinet approved three new schemes to be undertaken to support regeneration of the borough. The precise cost will be subject to negotiation but an overall budget of £67m has been added to the programme to fund these strategic acquisitions.
- 12.10 In addition the creation of a credit facility for development activity is shown as a separate line. This is shown in 2018/19 for convenience but will be subject to further profiling. Drawdown against this facility will only be agreed on the basis of a rigorous business case and options appraisal.
- 12.11 The full list of schemes is included at Appendix E.

13 Impact on reserves

- 13.1 The Council’s current reserves position is shown in the table below. Currently GF balances as at 31st March 2017 stands at £19m and £28m for earmarked reserves.

		31 March 2017	31 March 2018	31 March 2019
General Fund balances		19,330	17,030	15,115
Total Earmarked Reserves		28,439	11,879	11,014
Departmental Reserves	ACS Reserve	1,601	1,601	
	PSL Reserve	1,097	759	759
	Care Reserve	-	688	
Public Health		161	161	161
Corporate restructuring		2,006	-	-
Insurance		1,689	1,389	1,389
Budget Support Reserve		11,199	0	-
VAT Market Repayment		201	111	51
Capital Investment Reserves		3,575	1,000	500
Legal Reserve		563	563	563
Collection Fund Reserve		1,581	1,581	1,581
Elections Reserve		223	223	-
LEP Housing Rentals Reserves		1,394	1,394	1,394
Other Miscellaneous		905	-	-
Core Reserves		800	552	494
Council Entities		1,444	1,444	1,444
Be First				2,678

- 13.2 It is proposed that a Care Reserve is created using the former Butler Court reserve, transfer from Insurance reserves £250k, transfer from PSL reserve £100k and VAT reserve £50k. This will be used to contribute to the 2018/19 savings.
- 13.3 It is also proposed in this report to create two new reserves: a Core Infrastructure reserve and a Be First reserve. These are included in the table above.
- 13.4 The impact of drawing down the £2.8m of reserves to balance the 2018/19 budget together with the requirement to fund in the current years overspend will make it more difficult to meet the requirement of keeping the balances above £15m, as recommended by the Chief Operating Officer, in future years putting severe pressure on the Council to manage its finances and replenish balances.
- 13.5 Appendix F shows the medium term three-year position. If no further proposals were identified or any other mitigations identified, the potential cumulative draw on reserves over the next three years would aggregate to £32.1m. It is, however, recognised and expected that a business of the size of the Council will annually be able to identify new modernisation and efficiency proposals which will go some way to closing this gap. Further reviews of the 2019/20 position are planned as part of the Council's annual budget cycle.

14 Update on Dedicated Schools Budget

- 14.1 A report was presented to Cabinet in December setting out the principles for the Dedicated Schools Budget for 2018/19. Subsequently the DfE has published the expected DSG amounts. Following the publication of this information and further modelling of the expected impact, a number of changes to the DSB and the funding formula are proposed.

- 14.2 The December report proposed a transfer of £1.1m from the Schools block to the High Needs block in order to meet pressures in this area. However, the High Needs working group has now been tasked with identifying further savings in order to reduce the funding requirement. It is now proposed to transfer only £0.75m.
- 14.3 It is also proposed to reduce the growth fund to £2.9m (from £3.5m). This is sufficient to fund the planned growth. The impact of these two changes is to allow more money to be allocated to schools.
- 14.4 As set out in the December report a funding ratio of 1:1.34 has been maintained between primary and secondary schools. In order to maintain this ratio, the Age Weighted Pupil Unit (AWPU) of funding for KS4 has been increased by £110 to £4,925, and there are no other changes to the AWPU's compared to the rates previously approved by the Council.
- 14.5 The allocation of the Early Years block has also been announced. Following this the Finance team have modelled the impact for Barking and Dagenham and it is proposed that the base funding rate for 3 and 4 year olds is increased to £4.70 per hour. It is proposed that the deprivation rates remain at the same levels of between £0.22 and £0.30 per hour based on IDACI bandings. It is also proposed that the formula remains at £0.21 per hour for a flexibility factor for Private, Voluntary and Independent sector providers. There has been no increase in funding for 2 Year Olds, therefore no change is proposed to the funding rate of £5.35 per hour to settings with eligible two-year olds.
- 14.6 With the implementation of the Early Years National Funding Formula in 2017-18, there was a requirement for local authorities to establish a special education needs (SEN) inclusion fund where the local authority did not have one set up previously. Barking and Dagenham continued to hold £284k in 2017-18. It is proposed that this should be increased to £400k and support for two-year olds should also be managed from this fund.

15. Financial Implications

Implications completed by: Kathy Freeman, Finance Director

- 15.1 The detailed financial implications have been covered throughout the report. However, the key financial implications to note are:
- a) To balance the 2018/19 budget, it is planned that £2.791 of funding will be taken from reserves to ensure we meet our statutory responsibility.
 - b) The budget gap for 2019/20 is £13.7m, rising to £15.6m in 2020/21.

16. Legal Implications

Implications completed by Dr Paul Feild, Corporate Governance Lawyer

- 16.1 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.

- 16.2 Whenever there are proposals for the closure or discontinuance of a service or services, there will be a need for appropriate consultation, so for example if savings proposals will affect staffing then it will require consultation with Unions and staff. In addition to that, Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet.
- 16.3 If at any point resort to constricting expenditure is required, it is important that due regard is given to statutory duties and responsibilities. The Council must have regard to:
- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must be fulfilled or varied with agreement of current providers;
 - any legitimate expectations that persons already receiving a service (due to be cut) may have to either continue to receive the service or to be consulted directly before the service is withdrawn;
 - any rights which statute may have conferred on individuals and as a result of which the council may be bound to continue its provision. This could be where an assessment has been carried out for example for special educational needs statement of special educational needs in the education context);
 - the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;
 - to any responses from stakeholders to consultation undertaken.
- 16.4 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.

17. Corporate Policy and Equality Impact

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

- 17.2 The Council's Equality and Diversity strategy commits the Council to ensuring fair and open service delivery, making best use of data and insight and reflecting the needs of the service users. Equality Impact Assessments allow for a structured, evidence based and consistent approach to considering the equality implications of proposals and should be considered at the early stages of planning.
- 17.3 For new savings proposals that have been put forward, EIAs have also been carried out for them to ensure the Council properly considers any impact of the proposal. The Council's transformation programme aims to redesign services to make them more person-centred and focussing on improving outcomes for residents. Therefore, in most cases the proposals have either a positive or neutral impact. However, where a negative impact has been identified, the Council will ensure appropriate mitigations are considered and relevant affected groups are consulted.

Public Background Papers Used in the Preparation of the Report:

- Local Government Finance Settlement 2018/19
- Autumn Statement 2017

List of appendices

Appendix A – Revenue Budget 2018/19

Appendix B – MTFs 2018/19 to 2020/21

Appendix C – Statutory Budget Determination 2018/19

Appendix D – Calculation of the Council Tax Requirement 2018/19

Appendix E – Draft Capital Programme 2018/19 – 2020/21 including new bids

Appendix F – Transformation Savings summary

Appendix G – November Savings summary

Appendix H – Flexible use of capital receipts strategy

Appendix I – Transformation costs summary

This page is intentionally left blank

APPENDIX A - REVENUE BUDGETS BY SERVICE BLOCKS

REVENUE BUDGETS 2018-19	Initial Base	Capital Charges	Growth-Pressure	Savings	Budget Realignments 2	Budget Realignments 2	Be First	Funding	Reserves	Net Budget 18-19
CARE & SUPPORT	66,168,388	758,380	3,989,000	(6,358,070)	(693,710)	0	0	(5,337,000)		58,526,988
ADULT'S CARE & SUPPORT	20,999,110	685,440	989,000	(2,703,520)	187,000	104,400	0	(5,337,000)		14,924,430
CHILDREN'S CARE & SUPPORT	31,462,810	0	2,300,000	(2,873,050)	(763,710)	0	0			29,526,050
DISABILITIES	13,706,468	72,940	700,000	(781,500)	(117,000)	(104,400)	0			13,476,508
CENTRAL	23,497,790	(25,945,840)	18,447,580	(927,250)	0	0	0	8,000	(2,791,000)	12,289,280
CENTRAL EXPENSES	23,497,790	(25,945,840)	18,447,580	(927,250)	0	0	0	8,000	(2,791,000)	12,289,280
COMMUNITY SOLUTIONS	6,185,680	2,870,500	500,000	(2,995,110)	763,710	0	0			7,324,780
COMMUNITY SOLUTIONS	93,990	0	0	(2,412,000)	93,460	0	0			(2,224,550)
INTERVENTION SERVICES	2,078,230	132,620	0	(69,000)	1,246,830	0	0			3,388,680
SUPPORT SERVICES	1,347,410	1,911,780	0	(3,190)	(1,834,490)	0	0			1,421,510
TRIAGE SERVICES	158,190	0	0	0	1,257,910	0	0			1,416,100
UNIVERSAL SERVICES	2,507,860	826,100	500,000	(510,920)	0	0	0			3,323,040
CONTRACTED SERVICES	9,572,330	593,550	680,000	0	0	0	0			10,845,880
ELEVATE CONTRACT	9,572,330	593,550	680,000	0	0	0	0			10,845,880
CORE	18,832,400	63,440	(120,000)	(1,407,100)	1,751,200	0	(151,520)			18,968,420
ELEVATE CLIENT TEAM	7,277,830	6,160	0	(93,470)	0	0	0			7,190,520
FINANCE	3,201,900	50,710	0	(321,460)	0	0	0			2,931,150
LAW & GOVERNANCE	4,170,710	6,570	0	(459,620)	1,751,200	0	0			5,468,860
STRATEGIC LEADERSHIP	1,101,080	0	0	(96,000)	0	0	(151,520)			853,560
STRATEGY & PROGRAMMES	2,893,880	0	(120,000)	(436,550)	0	0	0			2,337,330
TRANSFORMATION	187,000	0	0	0	0	0	0			187,000
EDUCATION, YOUTH & CHILDCARE	2,255,760	10,419,590	0	(79,270)	0	0	0			12,596,080
EDUCATION, YOUTH & CHILDCARE	2,255,760	10,419,590	0	(79,270)	0	0	0			12,596,080
ENFORCEMENT	(920,489)	8,948,490	0	(318,510)	0	0	0			7,709,491
ENFORCEMENT	(920,489)	8,948,490	0	(318,510)	0	0	0			7,709,491
GROWTH & HOMES	370,280	500,070	400,000	(2,020,180)	(1,735,700)	0	(139,080)			(2,624,610)
ASSETS & INVESTMENT	(882,680)	176,540	0	(607,680)	(1,751,200)	0	0			(3,065,020)
COMMISSIONING - REGEN, HOUSING AND INVESTMENT	(783,470)	38,610	400,000	(1,347,500)	0	0	(139,080)			(1,831,440)
CULTURE & RECREATION	2,036,430	284,920	0	(65,000)	15,500	0	0			2,271,850
HRA	0	0	0	(942,000)	0	0	0			(942,000)
HOUSING AND NEIGHBOURHOODS	0	0	0	(942,000)	0	0	0			(942,000)
MY PLACE	1,183,560	0	0	(152,000)	0	0	0			1,031,560
MY PLACE	1,183,560	0	0	(152,000)	0	0	0			1,031,560
PUBLIC REALM	7,126,121	985,730	2,336,000	(946,410)	(15,500)	0	0			9,485,941
PUBLIC REALM	7,126,121	985,730	2,336,000	(946,410)	(15,500)	0	0			9,485,941
SDI COMMISSIONING	9,794,510	800,230	411,060	(1,988,050)	(70,000)	0	0			8,947,750
ADULTS COMMISSIONING	5,393,360	0	0	(435,000)	(70,000)	(67,720)	0			4,820,640
CHILDREN'S COMMISSIONING	4,155,990	0	0	(549,050)	0	67,720	0			3,674,660
HEALTHY LIFESTYLES & LEISURE	(562,820)	800,230	411,060	(304,000)	0	0	0			344,470
PUBLIC HEALTH	807,980	0	0	(700,000)	0	0	0			107,980
TRADED SERVICES	1,353,940	5,860	0	(151,000)	0	0	0			1,208,800
TRADED SERVICES	1,353,940	5,860	0	(151,000)	0	0	0			1,208,800
BE FIRST	(290,600)	0	0	0	0	0	290,600			0
BELOW THE LINE CENTRAL ADJUSTMENT	0	0	442,360	(437,000)	0	0	0	(5,360)	0	0
BELOW THE LINE CENTRAL ADJUSTMENT	0	0	442,360	(437,000)	0	0	0	(5,360)	0	0
Net Budgets 2018-19	145,129,670	0	27,086,000	(18,721,950)	0	0	0	(5,334,360)	(2,791,000)	145,368,360

This page is intentionally left blank

Appendix B

Medium Term Financial Strategy: 2018/19- 2020/21

	2018/19 £000	2018/19 £000	2019/20 £000	2020/21 £000
	Nov' 17	Feb' 18	Revised	Revised
Prior Year (Surplus) / Deficit			0	13,716
Budget Increases				
Roll Forward of 2017-18 budget gap	8,129	8,129	-	-
Capital Investment	1,400	1,400	900	900
Financing	3,770	3,770	600	420
Inflation - Staff	-	472	1,000	1,000
Inflation - Non Staff	-	-	2,100	2,100
Levies	440	440	350	350
Demography/Demand	3,088	3,027	3,033	3,660
Legislation	795	795	2,377	2,000
Corporate/Other Service Pressures	7,717	9,053	260	260
Total Additional Costs	25,339	27,086	10,620	10,690
Changes in Income & Funding				
Government Grants	841	841	8,083	9,175
Council Tax	(3,299)	(5,015)	(1,727)	(1,786)
Business Rates	(1,100)	(1,400)	-	-
Total Changes in Income	(3,558)	(5,574)	6,356	7,389
In year Budget Gap	21,781	21,512	16,976	18,079
Savings				
Savings approved by Cabinet	(11,344)	(11,344)	(12,784)	(14,538)
Non-Delivery of Savings	2,000	2,000	929	579
Additional Savings	(9,646)	(9,377)	5,804	(2,221)
Total Savings	(18,990)	(18,721)	(6,051)	(16,180)
In Year Budget Gap Including Savings	2,791	2,791	10,925	1,899
Other Adjustments				
Revised Budget Gap after other adjustments	2,791	2,791	10,925	1,899
Use of Reserves in 2018-19	(2,791)	(2,791)	2,791	
Cumulative Budget Gap including Savings	0	0	13,716	15,616

This page is intentionally left blank

STATUTORY BUDGET DETERMINATIONS

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

1. At its meeting on 23 January 2018, the Council's Cabinet approved the Council Tax Base 2018/19 calculation for the whole Council area as 48,782.31 [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 2018/19 in accordance with Sections 31 to 36 of the Act:-

(a)	£692,764,196	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£634,243,473	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£58,520,723	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)	£1,199.63	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
£799.75	£933.04	£1,066.34	£1,199.63	1,466.22	£1,732.80	£1,999.38	£2399.26

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 2018/19 the Greater London Authority has indicated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:-

Precepting Authority: Greater London Authority

Valuation Bands

A	B	C	D	E	F	G	H
£196.15	£228.85	£261.54	£294.23	£359.61	£425.00	£490.38	£588.46

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 2018/19 for each of the categories of dwellings shown below:-

Valuation Bands

A	B	C	D	E	F	G	H
£995.90	£1,161.89	£1,327.88	£1,493.86	£1,825.83	£2,157.80	£2,489.76	£2,987.72

Calculation of the Council Tax for 2018/19

£000

Revised 2017/18 Budget		145,130
Roll forward of last year's surplus	0	
New MTFs Items	27,086	
Approved A2020 Savings	(18,721)	
Adults Social Care Grant	(5,337)	
Use of one-off reserves	(2,791)	
Total Adjustments		238
		145,368
Base Budget Requirement for 2018/19		
Funded By:		
Formula & Specific Grant	(80,927)	
Better Care Grant	(400)	
New Homes Bonus Grant	(3,273)	
CTS and Benefits Administration Grant	(847)	
London Pooling Gain	(1,400)	
Total Funding		(86,847)
		58,521
Council Tax Requirement		
Council Tax Base (Equivalent Band D properties)		48,782.31
Council Tax:		
London Borough of Barking & Dagenham		£1,199.63
Greater London Authority		£294.23
Overall Council Tax - Band D equivalent		£1,493.86

This page is intentionally left blank

CAPITAL PROGRAMME SUMMARY

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Care & Support	1,870	400	400	400	400	3,470
Community Solutions	3,686	1,720	400	350	-	6,157
Core	9,202	100	438	172	-	9,912
Customer Access & Technology	3,992	-	-	-	-	3,992
Education, Youth & Childcare	25,323	52,937	10,912	946	tbc	90,118
Enforcement	9,167	5,432	4,484	40	-	19,123
Culture, Heritage & Recreation	840	3,836	550	600	-	5,826
Investment Strategy	77,219		-	-	-	77,219
Growth & Homes & Regeneration	90,376	65,277	3,916	-	-	159,569
My Place	1,209	-	-	-	-	1,209
Public Realm	999	706	205	195	195	2,300
SDI Commissioning	4,085	1,112	480	-	-	5,677
NEW SCHEMES		1,695	2,524	2,550	300	7,069
General Fund Total	227,968	133,215	24,309	5,253	895	391,640
HRA Total	74,271	86,720	63,680	61,610	55,610	341,891
Development Credit Facility		100,000				100,000
Total Capital Programme	302,238	319,935	87,989	66,863	56,505	833,531

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
Capital Grants and S106	42,831	54,903	10,912	946		109,592
HRA/MRR	64,426	92,374	63,680	61,610	55,610	337,700
Borrowing	181,062	171,074	12,997	3,907	495	369,536
Revenue	400	400	400	400	400	2,000
Reserves	190	400	-	-	-	590
Capital Receipts	13,329	784			-	14,113
Total	302,238	319,935	87,989	66,863	56,505	833,531

BID REF	Project	CAPITAL SCHEMES FOR APPROVAL					
		TOTAL £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000

Enforcement

CAP01	Flood Risk Management	331,000	164,000	167,000	0	0	0
CAP02	Consolidation and extension of CPZ's	900,000	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>	<u>0</u>
Total - Enforcement		1,231,000	464,000	467,000	300,000	0	0

My Place

CAP03	Bridges and Structures	1,500,000	300,000	300,000	300,000	300,000	300,000
Total - My Place		1,500,000	300,000	300,000	300,000	300,000	300,000

Core

CAP04	Woodlands Repairs	177,000	130,000	47,000	0	0	0
CAP05	ICT Requirements	4,461,000	801,000	1,710,000	1,950,000	0	0
Total - Core		4,638,000	931,000	1,757,000	1,950,000	0	0

Total		7,369,000	1,695,000	2,524,000	2,550,000	300,000	300,000
--------------	--	------------------	------------------	------------------	------------------	----------------	----------------

2017/2018 CAPITAL PROGRAMME

Project No.	Project Name	Revised Budget	Actual Expenditure - as at 2nd January 2018	Commitments	Actuals & Commitments	Over / (Under) spend to date	Total External Financing	HRA/MRR	Total Borrowing	Revenue - Central	Reserves (Invest to Save)	Capital Receipts	Total Funding
Care & Support													
FC00106	Disabled Facilities Grant	1,390,570	614,729	283,970	898,699	(775,841)	1,390,570						1,390,570
FC02888	Direct Pymt Adaptations	400,000	126,302		126,302	(273,698)				400,000			400,000
FC03049	Adult Social Care Capital Grant	79,000	27,538	67,343	94,881	(51,462)	79,000						79,000
Total for Care & Support		1,869,570	768,569	351,313	1,119,882	(1,101,001)	1,469,570			400,000			1,869,570
Community Solutions													
FC03060	Barking Learning Centre Works	447,000	176,461	79,321	255,782	(270,539)			447,000				447,000
FC04021	Libraries Library Management System Tender	10,000				(10,000)			10,000				10,000
FC04036	Upgrade & enhancement of Security & Threat Management System at BLC	75,000				(75,000)			75,000				75,000
FC04049	Community Solutions	3,154,400				(3,154,400)		594,400	2,560,000				3,154,400
Total for Community Solutions		3,686,400	176,461	79,321	255,782	(3,509,939)		594,400	3,092,000				3,686,400
Core													
FC02738	Modernisation & Imp Cap Fund		(201,566)	297,414	95,848	(201,566)							
FC03068	ICT End User Computing		(119,669)	82,872	(36,797)	(119,669)							
FC03052	Elevate ICT investment	443,126	336,090	22,067	358,157	(107,036)			443,126				443,126
FC02877	Oracle R12 Joint Services	147,866	57,593	6,669	64,262	(90,273)			147,866				147,866
FC03059	Customer Services Channel Shift	336,991	230,107		230,107	(106,884)			336,991				336,991
FC02565	Implement Corporate Accommodation Strategy	6,780,486	6,019,867	1,929,225	7,949,092	(760,619)			6,780,486				6,780,486
FC04009	Smarter Working Programme	1,494,000	101,454	121,906	223,360	(1,392,546)			1,494,000				1,494,000
Total for Core		9,202,469	6,423,876	2,460,153	8,884,029	-2,778,593			9,202,469				9,202,469
Customer Access & Technology													
FC04007	Cross Cutting: Technology	1,280,482				(1,280,482)			1,280,482				1,280,482
FC04008	Customer Access Strategy (CAS)	2,711,500				(2,711,500)			2,711,500				2,711,500
Total for Customer Access & Technology		3,991,982				(3,991,982)			3,991,982				3,991,982
Education, Youth & Childcare													
Primary Schools													
FC02736	Roding Primary School (Cannington Road Annex)	129,789		287,544	287,544	(129,789)	129,789						129,789
FC02745	George Carey CofE (formerly Barking Riverside) Primary School	22,926		25,000	25,000	(22,926)	22,926						22,926
FC02784	Manor Longbridge (Former UEL Site)	150,000	348,889		348,889	198,889	150,000						150,000
FC02861	Eastbury Primary (Expansion)		1,747		1,747								
FC02865	William Bellamy Infants/Juniors (Expansion)	442,676	332,469	6,338	338,807	(110,207)	442,676						442,676
FC02919	Richard Alibon Expansion												
FC02920	Warren / Furze Expansion	374,111	14,232	57,112	71,344	(359,879)	374,111						374,111
FC02923	Rush Green Expansion			7,235	7,235								
FC02924	St Joseph's Primary(Barking) Extn 13-14	15,072				(15,072)	15,072						15,072
FC02956	Marsh Green Primary 13-15	277,709	29,919	36,149	66,068	(247,790)	277,709						277,709
FC02957	John Perry School Expansion 13-15	12,110				(12,110)	12,110						12,110
FC02960	Sydney Russell (Fanshawe) Primary Expansion	68,895	45,182	10,947	56,129	(23,713)	68,895						68,895
FC02979	Gascoigne primary	400,000	333,081	9,535	342,616	(66,919)	400,000						400,000
FC02998	Marks Gate Junior Sch 2014-15			14,551	14,551								
FC03041	Village Infants - additional pupil places	211,511	51,841	16,641	68,482	(159,670)	211,511						211,511
FC03053	Gascoigne Prmy 5forms to 4 forms	600,000	203,067	266,112	469,179	(396,933)	600,000						600,000
Secondary Schools													
FC02953	All Saints Expansion 13-15	112,233	112,233		112,233		112,233						112,233
FC02954	Jo Richardson expansion	168,626	168,744	4,688	173,432	118	168,626						168,626
FC02959	Robert Clack Expansion 13-15	1,200,000	1,046,774	1,657,209	2,703,983	(153,226)	1,200,000						1,200,000
FC03054	Lymington Fields New School	450,000	189,748	21,130	210,878	(260,252)	450,000						450,000
FC02977	Riverside Secondary Free School	1,861,078	1,957,839	1,378	1,959,217	96,761	1,861,078						1,861,078
FC03018	Eastbury Secondary	648,254	45,286	83,960	129,246	(602,968)	648,254						648,254
FC03019	Eastbrook School	582,230	186,601		186,601	(395,629)	582,230						582,230
FC03020	Dagenham Park	168,573	2,890	64,768	67,658	(165,683)	168,573						168,573
FC03022	New Gascoigne Secondary School	5,600,000	5,015,249	5,816,632	10,831,881	(584,751)	5,600,000						5,600,000
FC03078	Barking Abbey Expansion 2016-18	5,000,000	1,166,762	620,179	1,786,941	(3,833,238)	5,000,000						5,000,000
Children Centres													
FC03063	Extension of Abbey children's centre nursery	125,842				(125,842)			125,842				125,842
FC03033	Upgrade of Children Centres	7,970	8,199		8,199	229	7,970						7,970
Other Schemes													
FC02906	School Expansion SEN projects	130,315	37,637	2,717	40,354	(92,678)	130,315						130,315
FC02909	School Expansion Minor projects	500,000	285,110	161,280	446,390	(214,890)	500,000						500,000
FC02972	Implementation of early education for 2 year olds	300,000	57,621	71,344	128,965	(242,379)	300,000						300,000
FC02975	Barking Abbey Artificial Football Pitch			10,612	10,612								
FC02929	Schools Modernisation Fund 2012-13			2,861	2,861								

Project No.	Project Name	Revised Budget	Actual Expenditure - as at 2nd January 2018	Commitments	Actuals & Commitments	Over / (Under) spend to date	Total External Financing	HRA/MRR	Total Borrowing	Revenue - Central	Reserves (Invest to Save)	Capital Receipts	Total Funding
FC02978	Schools Modernisation Fund 2013-14	62,128	1,738	17,610	19,348	(60,390)	62,128						62,128
FC03010	SMF 2014-16	93,794	28,381	86,787	115,168	(65,413)	93,794						93,794
FC03051	SMF 2015-17	691,809	122,261	106,422	228,683	(569,548)	691,809						691,809
FC03085	School Conditions Allocation 2017-19	2,500,000	1,877,308	203,401	2,080,709	(622,692)	2,500,000						2,500,000
FC03042	Additional SEN Provision	615,840	811,983	21,371	833,354	196,143	615,840						615,840
FC03043	Pupil Intervention Project (PIP)	714,133	187,454	14,550	202,004	(526,679)	714,133						714,133
9999	Devolved Capital Formula	1,085,498	99,221	17,480	116,701	(986,277)	1,085,498						1,085,498
Total For Education, Youth & Childcare		25,323,122	14,769,466	9,723,543	24,493,009	(10,555,403)	25,197,280		125,842				25,323,122
Enforcement													
FC02873	Environmental Improvements			1,250	1,250								
FC02982	Consolidation & Expansion of CPZ	316,377	176,101	182,266	358,367	(140,276)			316,377				316,377
FC03030	Frizlands Phase 2 Asbestos Replacement	15,614	12,542	1,547	14,089	(3,072)			15,614				15,614
FC03065	HIP 2016-17 Footways & Carriageways	3,273,481	2,641,497	284,557	2,926,054	(631,984)			3,273,481				3,273,481
FC03064	Street Lighting 2016-2019 : Expired Lighting Column Replacement	3,665,802	1,040,616	947,279	1,987,895	(2,625,186)			3,665,802				3,665,802
FC03066	Parking ICT System	3,537				(3,537)			3,537				3,537
FC03011	Structural Repairs & Bridge Maintenance	200,791	31,557	28,315	59,872	(169,234)			200,791				200,791
FC03012	Environmental Asset Database		16,000	6,861	22,861	16,000							
FC03090	Lakes	80,000		8,375	8,375	(80,000)			80,000				80,000
FC03067	Abeey Green Restoration/Works	3,541				(3,541)			3,541				3,541
FC02542	Capital Improvements	259,106	264,359	12,995	277,354	5,253			259,106				259,106
FC02964	Road Safety Improvements Programme (Various Locations)	220,000	32,413	156,200	188,613	(187,587)	220,000						220,000
FC04015	Enforcement Equipment	158,423	118,273		118,273	(40,150)			158,423				158,423
FC04019	Replacement of Winter Maintenance Equipment / Gully Motors	640,000	46,489	589,433	635,922	(593,511)			640,000				640,000
FC04027	Car Park Improvements	130,000		2,865	2,865	(130,000)			130,000				130,000
FC04029	Engineering Works (Road Safety)	200,000	2,475	47,000	49,475	(197,525)			200,000				200,000
Total for Enforcement		9,166,672	4,382,322	2,268,943	6,651,265	(4,784,350)	220,000		8,946,672				9,166,672
Growth & Homes													
Culture, Heritage & Recreation													
FC03029	Broadway Theatre	100,000				(100,000)					100,000		100,000
FC03032	3G football pitches in Parsloes Park	150,000	3,241	140,000	143,241	(146,759)			150,000				150,000
FC03057	Youth Zone	334,000		1,750	1,750	(334,000)	334,000						334,000
FC03093	Eastbury Manor House - Access and egress improvements	121,000		5,093	5,093	(121,000)			121,000				121,000
FC04042	Community Halls	60,000	27,276	8,734	36,010	(32,724)			60,000				60,000
FC04043	The Abbey: Unlocking Barking's past, securing its future	25,000				(25,000)			25,000				25,000
FC04044	East London Industrial Heritage Museum	50,000				(50,000)			50,000				50,000
Total for Culture, Heritage & Recreation		840,000	30,517	155,577	186,094	(809,483)	334,000		406,000		100,000		840,000
Investment Strategy													
FC02587	Energy Efficiency Programme	128,753				(128,753)			128,753				128,753
FC03027	Establishment of Council Owned Energy Services Company	89,901	112,444	14,164	126,608	22,543					89,901		89,901
FC03081	Land Acquisitions 2016-18	10,000,000	9,292,572	186,438	9,479,010	(707,428)			10,000,000				10,000,000
	New Strategic Acquisitions inc VF Loan	67,000,000											
Total for Investment Strategy		77,218,654	9,405,016	200,602	9,605,618	(813,638)			10,128,753		89,901		10,218,654
Growth & Homes & Regeneration													
FC02898	Local Transport Plans	60,000	38,470	48,760	87,230	(21,530)	60,000						60,000
FC02969	Creative Industry (formerly Barking Bathouse)	10,586				(10,586)	10,586						10,586
FC02985	Gascoigne West (Housing Zone)	6,500,000	5,247,551	200,481	5,448,032	(1,252,449)	6,500,000						6,500,000
FC02986	Gascoigne Estate 1	35,559,864	32,256,477	16,265,187	48,521,664	(3,303,387)			35,559,864				35,559,864
FC02990	Abbey Phase II		322	11,821,224	11,821,546	322							
FC02994	Renwick Road/ Choats Road 2014/15 (TfL)	367,000	114,752	204,248	319,000	(252,248)	367,000						367,000
FC02995	Ballards Road / New Road 2014-15 (TfL)												
FC02996	Barking Town Centre 2014/15 (TfL)	322,000	184,360	70,971	255,331	(137,640)	322,000						322,000
FC03055	Barking Riverside Trans link	5,350,710	4,977,364	178,778	5,156,142	(373,346)	5,350,710						5,350,710
FC03058	Kingsbridge Development	3,000,000	2,011,383	5,262,851	7,274,234	(988,617)		3,000,000					3,000,000
FC03070	Boundary Road Hostel: Critical Needs Homelessness Assessment and Support Centre	858,337	578,428	95,872	674,300	(279,909)	639,337		219,000				858,337
FC03072	Conversion & Redevelopment of Former Sacred Heart Convent, 191 Goresbrook Road, Dagenham - to convert to homeless provision	75,000	56,041	78,584	134,625	(18,959)			75,000				75,000
FC03082	Gurdwara Way - Land Rmiation	825,405	594,400	92,877	687,277	(231,005)	825,405						825,405
FC03084	Sebastian Court - Redevelop	200,000	21,000	126,000	147,000	(179,000)			200,000				200,000
FC03089	Becontree Heath New Build	5,734,819	4,829,317	18,745,350	23,574,667	(905,502)			5,734,819				5,734,819
FC03099	Abbey Green & Barking Town Centre Conservation Area Townscape HLF Project	278,000				(278,000)	147,000		278,000				425,000
FC02962	Principal Road Maintenance	438,000	257,050	169,281	426,331	(180,950)	438,000						438,000
FC03086	Land at BEC - live work scheme	250,000	140,570	44,030	184,600	(109,430)	250,000						250,000
FC03097	Thames View Cycle/Walking Link Improvements	156,000	46,630		46,630	(109,370)	156,000						156,000
FC03098	Cycle Schemes - Quietway CS3X	390,000	73,335	45,000	118,335	(316,665)	390,000						390,000
FC03028	Chadwell Heath CCM (TfL)			13,872	13,872								
FC02963	Mayesbrook Neighbourhood Improvement 2013-14			21,738	21,738								
FC03000	MAQF - Green Wall Project			250	250								
FC03025	Gale Street Corridor Improvements		1		1								

Project No.	Project Name	Revised Budget	Actual Expenditure - as at 2nd January 2018	Commitments	Actuals & Commitments	Over / (Under) spend to date	Total External Financing	HRA/MRR	Total Borrowing	Revenue - Central	Reserves (Invest to Save)	Capital Receipts	Total Funding
FC04051	Street Property Acquisition 2017-19	30,000,000	8,781,566	195,057	8,976,623	(21,218,434)			30,000,000				30,000,000
Total for Growth & Homes & Regeneration		90,375,721	60,209,017	53,680,411	113,889,428	(30,166,704)	15,456,038	3,000,000	72,066,683				90,522,721
My Place													
FC04011	My Place	1,208,724				(1,208,724)		1,089,724	119,000				1,208,724
Total for My Place		1,208,724				(1,208,724)		1,089,724	119,000				1,208,724
Public Realm													
FC03034	Strategic Parks - Park Infrastructure	90,559	17,600		17,600	(72,959)			90,559				90,559
FC03026	Old Dagenham Park BMX Track	222,836	1,300		1,300	(221,536)			222,836				222,836
FC03083	Chadwell Heath Cemetry Ext	316,979	18,725		18,725	(298,254)			316,979				316,979
FC04012	Bins Rationalisation	50,000				(50,000)			50,000				50,000
FC04013	Park Infrastructure Enhancements	20,000				(20,000)			20,000				20,000
FC04014	Refuse Fleet	84,000		50,000	50,000	(84,000)			84,000				84,000
FC04016	On-vehicle Bin Weighing System for Commercial Waste	45,000				(45,000)			45,000				45,000
FC04017	Fixed play facilities	50,000		30,600	30,600	(50,000)			50,000				50,000
FC04018	Park Buildings – Response to 2014 Building Surveys	75,000				(75,000)			75,000				75,000
FC04028	Equipment to reduce Hand Arm Vibration	45,000				(45,000)			45,000				45,000
Total for Public Realm		999,374	37,625	80,600	118,225	(961,749)			999,374				999,374
SDI Commissioning													
FC02826	Conversion of Heathway to Family Resource Centre	2,661				(2,661)	2,661						2,661
FC03061	Social Care IT Replacement System	1,517,712	1,564,589	629,515	2,194,104	46,877	20,485		1,497,227				1,517,712
FC02870	Barking Leisure Centre 2012-14	100,661	169,128	46,708	215,836	68,467						100,661	100,661
FC03062	50m Demountable Swimming Pool	2,464,075				(2,464,075)			2,464,075				2,464,075
Total for SDI Commissioning		4,085,109	1,733,717	676,223	2,409,940	(2,351,392)	23,146		3,961,302			100,661	4,085,109
TOTAL GENERAL FUND CAPITAL PROGRAMME		227,967,797	97,936,586	69,676,686	167,613,272	(63,032,958)	42,700,034	4,684,124	113,040,077	400,000	189,901	100,661	161,114,797
HRA													
CC&D Investment In Stock													
FC02939	Conversions	585,000	28,808	13,125	41,933	(556,192)		585,000					585,000
FC03039	Estate Roads Resurfacing	850,000	307,914	567,000	874,914	(542,086)		850,000					850,000
FC03045	External Fabric inc EWI- Blocks	2,465,000	2,028,340	612,591	2,640,931	(436,660)		2,465,000					2,465,000
FC03046	Decent Homes North 2017-19	5,850,000	625,551	14,539,192	15,164,743	(5,224,449)		5,850,000					5,850,000
FC03047	Decent Homes South 2017-19	5,750,000	529,083	14,311,623	14,840,706	(5,220,917)		5,750,000					5,750,000
FC02983	Decent Homes Central 2017-19	7,250,000	3,503,992	7,922,965	11,426,957	(3,746,008)		7,250,000					7,250,000
Asset Management Investment In Stock													
FC02934	Communal Roof Replacements	100,000	1,800	4,200	6,000	(98,200)		100,000					100,000
FC02950	Communal Heating Replacement	600,000		226,936	226,936	(600,000)		600,000					600,000
FC04003	Domestic Heating Replacement	900,000				(900,000)		900,000					900,000
FC04004	Box-Bathroom Refurbs (Apprenticeships)	50,000				(50,000)		50,000					50,000
FC03048	Fire Safety Improvement Works	1,000,000	35,211	8,309	43,520	(964,789)		1,000,000					1,000,000
FC04002	Lift Replacement Programme	50,000				(50,000)		50,000					50,000
Housing Strategy Investment In Stock													
FC03037	Energy Efficiency inc Green Street	1,000,000	110,458	63,986	174,444	(889,542)		1,000,000					1,000,000
Disability Service Investment In Stock													
FC00100	Aids And Adaptations	950,000	471,592	408,622	880,214	(478,408)		950,000					950,000
Property Management Investment In Stock													
FC02943	Compliance (Asbestos, Tanks, Rewires)	900,000		6,855	6,855	(900,000)		900,000					900,000
FC03038	Garages	450,000	112,220	115,751	227,971	(337,780)		450,000					450,000
FC04000	Estate Environment Improvement	125,100				(125,100)		125,100					125,100
FC04005	Public Realm Improvements	500,000	173,589	36,277	209,866	(326,411)		500,000					500,000
R&M Investment In Stock													
FC02933	Voids	4,000,000	2,500,797	25,817	2,526,614	(1,499,203)		4,000,000					4,000,000
FC03074	Estate Public Realm Imp		845		845	845							
FC03075	Door Entry Systems	250,000				(250,000)		250,000					250,000
FC04006	Minor Works & Replacements	150,000				(150,000)		150,000					150,000
FC03007	Windows & Door Replacements	80,000	(3,734)		(3,734)	(83,734)		80,000					80,000
Investment In Stock													
FC03040	Communal Repairs & Upgrades	429,000	66,890	87,460	154,350	(362,110)		429,000					429,000

Project No.	Project Name	Revised Budget	Actual Expenditure - as at 2nd January 2018	Commitments	Actuals & Commitments	Over / (Under) spend to date	Total External Financing	HRA/MRR	Total Borrowing	Revenue - Central	Reserves (Invest to Save)	Capital Receipts	Total Funding
FC02984	Block & Estate Modernisation		16,210	45,180	61,390	16,210							
FC03003	Decent Homes (Blocks)		3,734	43,450	47,184	3,734							
FC03004	Decent Homes (Sheltered)		(31,766)		(31,766)	(31,766)							
FC03001	Decent Homes (North)		(239,540)	14,186	(225,354)	(239,540)							
FC03002	Decent Homes (South)		(171,438)		(171,438)	(171,438)							
FC03005	Decent Homes Small Contactors		(3,471)	306	(3,165)	(3,471)							
FC02938	Fire Safety Improvement Works To be allocated			1,718	1,718								
	Total	34,284,100	10,067,085	39,055,549	49,122,634	-24,217,015		34,284,100					34,284,100
	Estate Renewal												
FC02820	Estate Renewal	7,123,363	11,864,850	880,465	12,745,315	4,741,487		7,123,363					7,123,363
	Total	7,123,363	11,864,850	880,465	12,745,315	4,741,487		7,123,363					7,123,363
	New Build schemes												
FC02823	Council Housing Phase III			49,723	49,723								
FC02931	Leys Phase 1	1,400,000	585,884	390,949	976,833	(814,116)		1,394,058				5,942	1,400,000
FC03009	Leys Phase 2	13,222,744	5,896,255	10,665,748	16,562,003	(7,326,489)						13,222,744	13,222,744
FC03071	Modular Programme	500,000	975	5,804,500	5,805,475	(499,025)		500,000					500,000
FC02970	Marks Gate		(127,781)	1,580,251	1,452,470	(127,781)							
FC02973	Infill Sites	500,000	31,522	148,497	180,019	(468,478)		500,000					500,000
FC02988	Bungalows (Stansgate, Mrgt Bon)		4,560	332,013	336,573	4,560							
FC02989	Ilchestr Rd / North St New Build	5,021,452	2,776,458	3,812,469	6,588,927	(2,244,994)		5,021,452					5,021,452
FC02991	North St		(254,105)	18,640	(235,465)	(254,105)							
FC03056	Burford Close	1,500,000	384,568	758,980	1,143,548	(1,115,432)		1,500,000					1,500,000
	To Be Allocated	8,715,864				(8,715,864)		8,715,864					8,715,864
FC04050	Home Services	703,000				(703,000)		703,000					703,000
	Total	31,563,060	9,298,336	23,561,770	32,860,106	-22,264,724		18,334,374				13,228,686	31,563,060
FC03073	Housing Transformation	1,300,000				(1,300,000)			1,300,000				1,300,000
	Grand Total HRA	74,270,523	31,230,271	63,497,784	94,728,055	(43,040,252)		59,741,837	1,300,000			13,228,686	74,270,523
	TOTAL CAPITAL PROGRAMME 2017/18	302,238,320	129,166,857	133,174,470	262,341,327	-106,073,210	42,700,034	64,425,961	114,340,077	400,000	189,901	13,329,347	235,385,320

2018/2019 CAPITAL PROGRAMME

Project No.	Project Name	Revised Budget	Total External Financing	HRA/MRR	S106	Total Borrowing	Revenue - Central	Capital Receipts	Total Funding
Be First									
Total for Be First									
Care & Support									
FC02888	Direct Pymt Adaptations	400,000					400,000		400,000
Total for Care & Support		400,000					400,000		400,000
Community Solutions									
FC04049	Community Solutions	1,670,159		81,804		1,506,551		81,804	1,670,159
FC04021	Libraries Management System Tender	50,000				50,000			50,000
Total for Community Solutions		1,720,159		81,804		1,556,551		81,804	1,720,159
Core									
FC02877	Oracle R12 Joint Services	100,000				100,000			100,000
Total for Core		100,000				100,000			100,000
Education, Youth & Childcare									
Primary Schools									
FC03053	Gascoigne Prmy 5forms to 4 forms	320,890	320,890						320,890
FC02920	Warren / Furze Expansion	500,000	500,000						500,000
FC0XXX1	Marks Gate Infants & Juniors 2018-20	3,000,000	3,000,000						
FC0XXX2	Chadwell Heath - Additional Capacity	7,000,000	7,000,000						
FC02784	Manor Longbridge (former UEL Site) Primary School	153,190	153,190						153,190
Secondary Schools									
FC02953	All Saints Expansion 13-15								
FC02954	Jo Richardson expansion	624,343	624,343						624,343
FC02959	Robert Clack Expansion 13-15	10,182,027	10,182,027						10,182,027
FC03018	Eastbury Secondary	325,000	325,000						325,000
FC03019	Eastbrook School	235,617	235,617						235,617
FC03020	Dagenham Park	200,000	200,000						200,000
FC03054	Lymington Fields New School	16,550,718	16,550,718						16,550,718
FC03078	Barking Abbey Expansion 2016-18	6,970,740	6,970,740						6,970,740
Other Schemes									
FC02909	School Expansion Minor Projects	291,027	291,027						291,027
FC02972	Implementation of early education for 2 year olds	387,517	387,517						387,517
FC03042	Additional SEN provision	500,000	500,000						500,000
FC03043	Pupil Intervention Project (PIP)	750,000	750,000						750,000
FC04052	SEND 2018-21	945,716	945,716						945,716
FC04053	School Conditions Allocation 2018-20	3,000,000	3,000,000						3,000,000
FC0XXX3	Additional Works - Expanded Schools	500,000	500,000						500,000
FC0XXX4	Place Demand - Contingency	500,000	500,000						500,000
9999	Devolved Capital Formula								
Total For Education, Youth & Childcare		52,936,785	52,936,785						42,936,785

Project No.	Project Name	Revised Budget	Total External Financing	HRA/MRR	S106	Total Borrowing	Revenue - Central	Capital Receipts	Total Funding
Enforcement									
FC02542	Capital Improvements	200,000				200,000			200,000
FC02982	Consolidation & Expansion of CPZ	200,000				200,000			200,000
FC03011	Structural Repairs & Bridge Maintenance	473,000				473,000			473,000
FC03065	HIP 2016-17 Footways & Carriageways	2,730,000				2,730,000			2,730,000
FC03064	Street Lighting 2016-2019 : Expired Lighting Column Replacement	1,000,000				1,000,000			1,000,000
FC03090	Lakes	40,000				40,000			40,000
FC04015	Enforcement Equipment	504,000				504,000			504,000
FC04027	Car Park Improvements	100,000				100,000			100,000
FC04029	Engineering Works (Road Safety)	185,000				185,000			185,000
Total for Enforcement		5,432,000				5,432,000			5,432,000
Growth & Homes									
Culture, Heritage & Recreation									
FC03029	Broadway Theatre	400,000				400,000			400,000
FC03032	3G football pitches in Parsloes Park	745,970				745,970			745,970
FC03057	Youth Zone	2,500,000	666,000		1,000,000	834,000			2,500,000
FC03094	Reimagining Eastbury	100,000				100,000			100,000
FC04043	The Abbey: Unlocking Barking's past, securing its future	25,000				25,000			25,000
FC04044	East London Industrial Heritage Museum	25,000				25,000			25,000
FC04022	Parks & Open Spaces Commercialisation	40,000				40,000		40,000	80,000
Total for Culture, Heritage & Recreation		3,835,970	666,000		1,000,000	2,169,970		40,000	3,875,970
Growth & Homes & Regeneration									
FC02969	Creative Industry (formerly Barking Bathouse)	300,000	300,000						300,000
FC02986	Gascoigne Estate 1	4,216,516				4,216,516			4,216,516
FC03058	Kingsbridge Development	5,572,089		5,572,089		5,572,089			11,144,178
FC03072	Conversion & Redevelopment of Former Sacred Heart Convent, 191 Goresbrook Road, Dagenham - to convert to homeless provision	8,410,156				8,410,156			8,410,156
FC03084	Sebastian Court - Redevelop	3,387,697				3,387,697			3,387,697
FC03089	Becontree Heath New Build	13,390,577				13,390,577			13,390,577
FC04051	Street Purchases Acquisitions	30,000,000				30,000,000			30,000,000
Total for Growth & Homes & Regeneration		65,277,035	300,000	5,572,089		64,977,035			70,849,124
Public Realm									
FC04012	Bins Rationalisation	50,000				50,000			50,000
FC04013	Park Infrastructure Enhancements	30,000				30,000			30,000
FC04014	Refuse Fleet	56,000				56,000			56,000
FC04017	Fixed play facilities	50,000				50,000			50,000
FC04018	Park Buildings – Response to 2014 Building Surveys	75,000				75,000			75,000
FC04020	Parsloes Park regional football hub	400,000				400,000			400,000
FC04028	Equipment to reduce Hand Arm Vibration	45,000				45,000			45,000
Total for Public Realm		706,000				706,000			706,000
SDI Commissioning									
FC03087	Redesign Adults & Childrens Social Care	662,062						662,062	662,062
FC03062	50m Demountable Swimming Pool	450,000				450,000			450,000
Total for SDI Commissioning		1,112,062				450,000		662,062	1,112,062
TOTAL GENERAL FUND CAPITAL PROGRAMME		131,520,011	53,902,785	5,653,893	1,000,000	75,391,556	400,000	783,866	127,132,100

Project No.	Project Name	Revised Budget	Total External Financing	HRA/MRR	S106	Total Borrowing	Revenue - Central	Capital Receipts	Total Funding
HRA									
CC&D	Investment In Stock								
FC02939	Conversions	815,000		815,000					815,000
FC03039	Estate Roads Resurfacing	400,000		400,000					400,000
FC03045	External Fabric inc EWI- Blocks	4,818,000		4,818,000					4,818,000
FC03046	Decent Homes North 2017-19	9,450,000		9,450,000					9,450,000
FC03047	Decent Homes South 2017-19	9,550,000		9,550,000					9,550,000
FC03048	Fire Safety Improvement Works	3,142,000		3,142,000					3,142,000
FC02983	Decent Homes Central 2017-19	6,250,000		6,250,000					6,250,000
Asset Management	Investment In Stock								
FC02934	Communal Roof Replacements	900,000		900,000					900,000
FC02950	Communal Heating Replacement	1,300,000		1,300,000					1,300,000
FC04003	Domestic Heating Replacement	900,000		900,000					
FC04004	Box-Bathroom Refurbs (Apprenticeships)	1,200,000		1,200,000					
FC04002	Lift Replacement Programme	750,000		750,000					
Housing Strategy	Investment In Stock								
FC03037	Energy Efficiency inc Green Street	1,500,000		1,500,000					1,500,000
FC03027	Establishment of Energy Services Company	1,000,000		1,000,000					
Disability Service	Investment In Stock								
FC00100	Aids And Adaptations	1,100,000		1,100,000					1,100,000
Property Management	Investment In Stock								
FC02943	Compliance (Asbestos, Tanks, Rewires)	900,000		900,000					900,000
R&M	Investment In Stock								
FC02933	Voids	1,000,000		1,000,000					1,000,000
FC03075	Door Entry Systems	50,000		50,000					50,000
FC04006	Minor Works and Replacements	150,000		150,000					
FC03007	Windows & Door Replacements	470,000		470,000					470,000
	Investment In Stock								
FC03040	Communal Repairs & Upgrades	1,571,000		1,571,000					1,571,000
FC04000	Estate Environment Improvement	1,000,000		1,000,000					1,000,000
FC02938	Fire Safety Improvement Works	2,500,000		2,500,000					2,500,000
	Total	50,716,000		50,716,000					46,716,000
	Estate Renewal								
FC02820	Estate Renewal	13,250,000		13,250,000					13,250,000
	Total	13,250,000		13,250,000					13,250,000
	New Build schemes								
FC02931	Leys Phase I	226,058		226,058					226,058
FC03009	Leys Phase 2	3,879,000		3,879,000					3,879,000
FC03071	Modular Programme	4,499,000		4,499,000					4,499,000
FC02973	Infill Sites	13,700,000		13,700,000					13,700,000

Project No.	Project Name	Revised Budget	Total External Financing	HRA/MRR	S106	Total Borrowing	Revenue - Central	Capital Receipts	Total Funding
	Total	22,304,058		22,304,058					22,304,058
	Housing Transformation								
FC03073	Housing Transformation	450,000		450,000					450,000
	Total	450,000		450,000					450,000
Grand Total HRA		86,720,058		86,720,058					82,720,058
TOTAL CAPITAL PROGRAMME 2018/19		218,240,069	53,902,785	92,373,951	1,000,000	75,391,556	400,000	783,866	209,852,158

2019/2020 CAPITAL PROGRAMME

Project No.	Project Name	Revised Budget	External Funding	HRA/MRR	Total Borrowing	Revenue - Central	Capital Receipts	Total Funding
Care & Support								
FC02888	Direct Pymt Adaptations	400,000				400,000		400,000
Total for Care & Support		400,000				400,000		400,000
Community Solutions								
FC04049	Community Solutions	400,000					400,000	400,000
Total for Community Solutions		400,000					400,000	400,000
Core								
FC03068	ICT End User Computing	438,000			438,000			438,000
Total for Core		438,000			438,000			438,000
Education, Youth & Childcare								
FC03078	Barking Abbey Expansion 2016-18	9,000,000	9,000,000					9,000,000
FC04052	SEND 2018-21	945,716	945,716					945,716
FC04053	Schools Condition Allocation 2018-20	966,761	966,761					966,761
Total for Education, Youth & Childcare		10,912,477	10,912,477					10,912,477
Enforcement								
FC03065	HIP 2016-17 Footways & Carriageways	4,000,000			4,000,000			4,000,000
FC03090	Lakes	40,000			40,000			40,000
FC04015	Enforcement Equipment	444,000			444,000			444,000
Total for Enforcement		4,484,000			4,484,000			4,484,000
Growth & Homes								
Culture, Heritage & Recreation								
FC03094	Reimagining Eastbury	200,000			200,000			200,000
FC04043	The Abbey: Unlocking Barking's past, securing its future	350,000			350,000			350,000
Total for Culture, Heritage & Recreation		550,000			550,000			550,000
Growth & Homes & Regeneration								
FC03089	Becontree Heath New Build	3,915,979			3,915,979			3,915,979
Total for Growth & Homes & Regeneration		3,915,979			3,915,979			3,915,979
Public Realm								
FC04012	Bins Rationalisation	50,000			50,000			50,000
FC04013	Park Infrastructure Enhancements	30,000			30,000			30,000
FC04017	Fixed play facilities	50,000			50,000			50,000
FC04018	Park Buildings – Response to 2014 Building Surveys	75,000			75,000			75,000
Total for Public Realm		205,000			205,000			205,000
SDI Commissioning								
FC03062	50m Demountable Swimming Pool	480,000			480,000			480,000
Total for SDI Commissioning		480,000			480,000			480,000
TOTAL GENERAL FUND CAPITAL PROGRAMME		21,785,456	10,912,477		10,072,979	400,000	400,000	21,785,456
HRA								
CC&D Investment In Stock								
FC02939	Conversions	700,000		700,000				

Project No.	Project Name	Revised Budget	External Funding	HRA/MRR	Total Borrowing	Revenue - Central	Capital Receipts	Total Funding
FC03045	External Fabric inc EWI- Blocks	9,000,000		9,000,000				
FC03048	Fire Safety Improvement Works	1,500,000		1,500,000				
FC02983	Decent Homes Programme	2,000,000		2,000,000				
Asset Management	Investment In Stock							
FC02934	Communal Roof Replacements	1,500,000		1,500,000				
FC02950	Communal Heating Replacement	700,000		700,000				
FC04003	Domestic Heating Replacement	900,000		900,000				
FC04004	Box-Bathroom Refurbs (Apprenticeships)	1,300,000		1,300,000				
FC04002	Lift Replacement Programme	1,000,000		1,000,000				
Housing Strategy	Investment In Stock							
FC03037	Energy Efficiency inc Green Street	500,000		500,000				
FC03027	Establishment of Energy Services Company	1,000,000		1,000,000				
Disability Service	Investment In Stock							
FC00100	Aids And Adaptations	1,100,000		1,100,000				
Property Management	Investment In Stock							
FC02943	Compliance (Asbestos, Tanks, Rewires)	900,000		900,000				
R&M	Investment In Stock							
FC02933	Voids	1,500,000		1,500,000				
FC03075	Door Entry Systems	50,000		50,000				
FC04006	Minor Works and Replacements	150,000		150,000				
FC03007	Windows & Door Replacements	500,000		500,000				
	Investment In Stock							
FC03040	Communal Repairs & Upgrades	1,430,000		1,430,000				
FC04000	Estate Environment Improvement	6,950,000		6,950,000				
FC02938	Fire Safety Improvement Works	5,000,000		5,000,000				
	Total	37,680,000		37,680,000				
	Estate Renewal							
FC02820	Estate Renewal	6,000,000		6,000,000				
	Total	6,000,000		6,000,000				
	New Build schemes							
	Schemes to be determined	20,000,000		20,000,000				
	Total	20,000,000		20,000,000				
Grand Total HRA		63,680,000		63,680,000				
TOTAL CAPITAL PROGRAMME 2019/20		85,465,456	10,912,477	63,680,000	10,072,979	400,000	400,000	21,785,456

2020/2021 CAPITAL PROGRAMME

Project No.	Project Name	Revised Budget	External Funding	HRA/MRR	Total Borrowing	Revenue - Central	Capital Receipts	Total Funding
Care & Support								
FC02888	Direct Pymt Adaptations	400,000				400,000		400,000
Total for Care & Support		400,000				400,000		400,000
Community Solutions								
FC04049	Community Solutions	350,000					350,000	350,000
Total for Community Solutions		350,000					350,000	350,000
Core								
FC02738	Modernisation & Imp Cap Fund							
FC03068	ICT End User Computing	172,000			172,000			172,000
Total for Core		172,000			172,000			172,000
Total for Education, Youth & Childcare								
FC04052	SEND 2018-21	945,716	945,716					945,716
Total for Education, Youth & Childcare		945,716	945,716					945,716
Enforcement								
FC03090	Lakes	40,000			40,000			40,000
Total for Enforcement		40,000			40,000			40,000
Growth & Homes								
Culture, Heritage & Recreation								
FC03094	Reimagining Eastbury	100,000			100,000			100,000
FC0xxxx	Redressing Valence	500,000			500,000			500,000
Total for Culture, Heritage & Recreation		600,000			600,000			600,000
Public Realm								
FC04012	Bins Rationalisation	50,000			50,000			50,000
FC04013	Park Infrastructure Enhancements	20,000			20,000			20,000
FC04017	Fixed play facilities	50,000			50,000			50,000
FC04018	Park Buildings – Response to 2014 Building Surveys	75,000			75,000			75,000
Total for Public Realm		195,000			195,000			195,000
TOTAL GENERAL FUND CAPITAL PROGRAMME		2,702,716	945,716		1,007,000	400,000	350,000	2,702,716
HRA								
CC&D	Investment In Stock							
FC02939	Conversions	700,000		700,000				
FC03045	External Fabric inc EWI- Blocks	9,000,000		9,000,000				
FC03048	Fire Safety Improvement Works	5,000,000		5,000,000				

Project No.	Project Name	Revised Budget	External Funding	HRA/MRR	Total Borrowing	Revenue - Central	Capital Receipts	Total Funding
FC02983	Decent Homes Programme	2,000,000		2,000,000				
Asset Management	Investment In Stock							
FC02934	Communal Roof Replacements	1,500,000		1,500,000				
FC02950	Communal Heating Replacement	700,000		700,000				
FC04003	Domestic Heating Replacement	900,000		900,000				
FC04004	Box-Bathroom Refurbs (Apprenticeships)							
FC04002	Lift Replacement Programme	1,000,000		1,000,000				
Housing Strategy	Investment In Stock							
FC03037	Energy Efficiency inc Green Street	500,000		500,000				
FC03027	Establishment of Energy Services Company	1,000,000		1,000,000				
Disability Service	Investment In Stock							
FC00100	Aids And Adaptations	1,100,000		1,100,000				
Property Management	Investment In Stock							
FC02943	Compliance (Asbestos, Tanks, Rewires)	900,000		900,000				
R&M	Investment In Stock							
FC02933	Voids	1,180,000		1,180,000				
FC03075	Door Entry Systems	50,000		50,000				
FC04006	Minor Works and Replacements	150,000		150,000				
FC03007	Windows & Door Replacements	500,000		500,000				
	Investment In Stock							
FC03040	Communal Repairs & Upgrades	1,180,000		1,180,000				
FC04000	Estate Environment Improvement	8,250,000		8,250,000				
FC02938	Fire Safety Improvement Works							
	Total	35,610,000		35,610,000				
	Estate Renewal							
FC02820	Estate Renewal	6,000,000		6,000,000				
	Total	6,000,000		6,000,000				
	New Build schemes							
	Schemes to be determined	20,000,000		20,000,000				
	Total	20,000,000		20,000,000				
Grand Total HRA		61,610,000		61,610,000				
TOTAL CAPITAL PROGRAMME 2020/21		64,312,716	945,716	61,610,000	1,007,000	400,000	350,000	2,702,716

2021/2022 CAPITAL PROGRAMME

Project No.	Project Name	Revised Budget	Total Borrowing	Revenue - Central	Total Funding
Care & Support					
FC02888	Direct Pymt Adaptations	400,000		400,000	400,000
Total for Care & Support					
		400,000		400,000	400,000
Public Realm					
FC04012	Bins Rationalisation	50,000	50,000		50,000
FC04013	Park Infrastructure Enhancements	20,000	20,000		20,000
FC04017	Fixed play facilities	50,000	50,000		50,000
FC04018	Park Buildings – Response to 2014 Building Surveys	75,000	75,000		75,000
Total for Public Realm					
		195,000	195,000		195,000
TOTAL GENERAL FUND CAPITAL PROGRAMME					
		595,000	195,000	400,000	595,000
HRA					
CC&D	Investment In Stock				
FC02939	Conversions	700,000		700,000	
FC03045	External Fabric inc EWI- Blocks	9,000,000		9,000,000	
FC03048	Fire Safety Improvement Works				
FC02983	Decent Homes Programme	2,000,000		2,000,000	
Asset Management					
	Investment In Stock				
FC02934	Communal Roof Replacements	1,500,000		1,500,000	
FC02950	Communal Heating Replacement	700,000		700,000	
FC04003	Domestic Heating Replacement	900,000		900,000	
FC04004	Box-Bathroom Refurbs (Apprenticeships)				
FC04002	Lift Replacement Programme	1,000,000		1,000,000	
Housing Strategy					
	Investment In Stock				
FC03037	Energy Efficiency inc Green Street	500,000		500,000	
Disability Service					
	Investment In Stock				
FC00100	Aids And Adaptations	1,100,000		1,100,000	
Property Management					
	Investment In Stock				
FC02943	Compliance (Asbestos, Tanks, Rewires)	900,000		900,000	
R&M					
	Investment In Stock				
FC02933	Voids	1,180,000		1,180,000	
FC03075	Door Entry Systems	50,000		50,000	

Project No.	Project Name	Revised Budget	Total Borrowing	Revenue - Central	Total Funding
FC04006	Minor Works and Replacements	150,000		150,000	
FC03007	Windows & Door Replacements	500,000		500,000	
	Investment In Stock				
FC03040	Communal Repairs & Upgrades	1,180,000		1,180,000	
FC04000	Estate Environment Improvement	8,250,000		8,250,000	
FC02938	Fire Safety Improvement Works				
	Total	29,610,000		29,610,000	
	Estate Renewal				
FC02820	Estate Renewal	6,000,000		6,000,000	
	Total	6,000,000		6,000,000	
	New Build schemes				
	Schemes to be determined	20,000,000		20,000,000	
	Total	20,000,000		20,000,000	
	Grand Total HRA	55,610,000		55,610,000	
	TOTAL CAPITAL PROGRAMME 2021/22	56,205,000	195,000	56,010,000	595,000

Portfolio & Programme	Savings £'000					
	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Transformation	No savings					0.000
My Place	141.218	122.883	151.597	21.657	0.000	437.355
Community Solutions	0.000	243.033	2,481.373	876.224	970.330	4,570.960
Disabilities	0.000	412.000	488.000	500.000	250.000	1,650.000
Adults	0.000	3,451.000	1,959.000	0.000	0.000	5,410.000
Children's	0.000	489.286	1,092.171	1,126.286	1,460.616	4,168.359
	141.218	4,718.202	6,172.141	2,524.167	2,680.946	16,236.674
Growth & Commercial	No savings					0.000
Be First	0.000	259.000	906.000	5,033.000	4,139.000	10,337.000
Legal	105.000 *	0.000	0.000	0.000	0.000	105.000
Leisure	0.000	257.000	590.000	226.000	91.000	1,164.000
Traded Services	0.000	171.623	151.104	131.679	135.690	590.096
Home Services	0.000	0.000	470.680	470.680	739.640	1,681.000
	0.000	757.000	1,608.000	1,368.000	1,392.000	5,125.000
Parks Commercialisation	0.000	33.000	0.000	100.000	0.000	133.000
	105.000	1,477.623	3,725.784	7,329.359	6,497.330	19,135.096
Service Improvement	No savings					0.000
Heritage	5.000	5.000	15.000	26.000	25.000	76.000
Enforcement	165.000 *	252.000	200.000	1,458.500	0.000	2,075.500
Refuse	95.000	557.000	300.000	170.000	579.000	1,701.000
St Cleansing	14.000	10.000	0.000	419.000	0.000	443.000
Pks, Open, Cems	8.000	152.850	139.953	516.022	164.245	981.070
	287.000	976.850	654.953	2,589.522	768.245	5,276.570
Cross Cutting	No savings					0.000
Customer Access	0.000	842.000	520.000	341.000	310.000	2,013.000
Irreducible Core	0.000	719.000	0.000	0.000	4,281.000	5,000.000
Workforce & OD	0.000	271.500	271.500	0.000	0.000	543.000
Technology - Applications	No savings					0.000
Technology - Infrastructure	No savings					0.000
	0.000	1,832.500	791.500	341.000	4,591.000	7,556.000
A2020 Overarching	No savings					0.000
Total	533.218	9,005.175	11,344.378	12,784.048	14,537.521	47,941.122
Sustainable 16/17 savings		270.000	* Savings delivered in 16/17 that create a 17/18 sustainable base budg			
Total		9,275.175				

This page is intentionally left blank

November 2017 Savings Summary

Proposal	Description	2018/19 Saving £000's
Street Lighting	This proposal is to replace the borough's existing street lights with low energy Light Emitting Diodes (LEDs) and installation of centralised street lighting energy management system.	80
Abbey Road	Abbey Road, one of the Council's investment properties, has increased significantly, with recent valuations of £26m against a cost of £24m. Rental payments from Abbey Road are being used to repay both the interest owed and a portion of the loan. The proposal is to not set aside a provision for the loan repayment.	600
Pension Fund	To prepay 2 years of employers' pension fund contributions in advance – to generate a return of 4.1%, which is the Pension Fund's discount factor.	1,200
Street Properties	To purchase a portfolio of street properties these will be let at a combination of LHA, Affordable Rent and market rents levels.	192
Employment and Skills	Explore, evaluate and implement an alternative delivery model for employment and skills services to absorb loss of grant funding. The European funding in this area will end in 2018/19	500
Street Cleansing	Review street cleansing in low footfall residential streets following an initial deep clean. Focus resource into high traffic areas, using more mechanical means. Tie into enforcement activity to regarding littering.	439
Summer Festivals	Review of the Summer Festival Programme.	269
Broadway Theatre	It has been previously agreed that an annual grant of £50,000 from the Council to the College will be paid for a period of three years. The final guaranteed grant payment will be made in 2017/18.	50
B&D Trading Partnership	As a new wholly owned Council company, will make a profit which will be paid back to the Council in dividends to the General Fund.	471

Proposal	Description	2018/19 Saving £000's
Review of Core Services	A review of core services such as finance, democratic services, legal and HR together with Strategic Services is expected to deliver ongoing efficiencies.	1,169
Children's Services	A review and extension of the current transformational proposals will deliver savings. In addition, the service is proposing to phase the implementation of improvement activities for young people.	1,300
Realignment of Public Health services	Realignment of a range of Public Health Services ensuring spend meets available budget. The Leisure Contract has released Public Health funding by providing some activities previously PH grant funded.	700
Efficiency Savings	A review of a number of services to reduce costs and/or drive up income. The initial review will include Pest Control, Music Services, Strategy & Performance, Trewern and Fees & Charges across the Council.	275
Adult Services	A series of investments and proposals are already in place to improve preventative activity and reducing longer-term care costs including: Community Solutions, the better use of assistive technologies, and work to drive up the quality of domiciliary care, extra care housing, and PAs.	800
Adult Care and Support Reserve	The Adult Care and Support earmarked reserve will be fully utilised in 2018/19 to enable the service to deliver its efficiency requirements and at the same time manage service demand.	1,601
TOTAL		9,646

Strategy for the Flexible Use of Capital Receipts

Background

Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) regulations 2003 made under section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure. The use of capital receipts to support revenue expenditure is not permitted by the regulations.

However, the Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a Direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.

For a number of years, the local government sector has been lobbying central government to provide councils with greater freedoms and flexibilities in relation to the use of Capital Receipts to support the delivery of savings and efficiencies. In 2013, the Local Government Association argued that freedoms should be given to Councils to “release value currently residing on council’s balance sheets without the need for further funding from taxation; the sale of assets generates economic activity, as does transformational revenue expenditure”¹.

In response, the Secretary of State for Communities and Local Government issued guidance in March 2016², giving local authorities greater freedoms in relation to how capital receipts can be used to finance expenditure. This Direction allows for the following expenditure to be treated as capital:

“expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.”

The Local Government Association responded, stating: “We welcome the flexibility to use new capital receipts and the discretion given to councils in identifying qualifying projects”³

This flexibility was updated as part of the Local Government Finance Settlement for 2018/19 and extended until 31st March 2019.

To benefit from this dispensation and comply with the Direction, the Council must consider the Statutory Guidance issued by the Secretary of State. This Guidance requires authorities to prepare, publish and maintain a ‘Flexible Use of Capital Receipts Strategy’. The guidance also requires that each authority should disclose the individual projects that will be funded or part funded through capital receipts

¹ LGA Consultation Response “Proposals for the use of capital receipts from asset sales: 24th September 2013.

² Statutory Guidance on the Flexible Use of Capital Receipts (Updated) DCLG March 2016

³ Local Government Association (LGA) briefing: Provisional Local Government Finance Settlement 2016/2017 and an offer to councils for future years: 17th December 2015

flexibility to full Council or the equivalent. It goes on to say that this requirement can be satisfied as part of the annual budget setting process, through the Medium-Term Financial Plan or equivalent, or for those authorities that sign up to a four-year settlement deal, as part of the required Efficiency Plan. Accordingly this strategy sets out how the flexible use of Capital Receipts will be utilised for the remainder of the medium term strategy that falls within the qualifying period. Updates will be included in the Budget and MTFs reports to Assembly in future years or earlier if required.

There is no prescribed format for the Strategy, the underlying principle is to support local authorities to deliver more efficient and sustainable services by extending the use of capital receipts to support the revenue costs of reform projects.

The Statutory Guidance for the Flexible Use of Capital Receipts Strategy states that the Strategy should include a list of each project where it is intended capital receipts will be used, together with the expected savings that the project will deliver. The Strategy should also include the impact of this flexibility on the affordability of borrowing by including updated Prudential Indicators.

Flexible Use of Capital Receipts Strategy

The Council welcomes the Government's Flexible Use of Capital Receipts dispensation and believes that if it is used judiciously and prudently, it can help the authority deliver savings while protecting revenue budgets. Working in this way will help to protect jobs and shield the tax payer. It aligns with the more commercial approach the Council is adopting to the use of its balance sheet to get the best value from its assets, in terms of both acquisitions and disposals; and also boosting our income generating asset portfolio.

The Cabinet has already agreed to dispose of £11.9m worth of general fund capital assets during qualifying period. It is anticipated that these disposals will fall:

- £4.5m during 2016/17
- £5.3m during 2017/18
- £2.0m during 2018/19

None of these agreed asset disposals were previously included in the Council's capital programme and are therefore available to be deployed flexibly.

Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”

The Council's intends to use the capital receipts set out in the paragraph above to fund the projects set out in the table below. The figures shown in the table below are in, some cases yet to be finalized and are accordingly estimates of the

maximum funding required. In these instances due diligence on final costs are on-going with the intention that final costs are lower than currently predicted. Where this is the case, the figures stated should be considered an upper limit.

The savings generated by these projects both incremental and cumulative are also set out in the table. Delivery of these savings is integral to the Budget set out in the main body of the report and in appendix B, the delivery of which are contingent upon the funding being in place for their delivery.

Project:		16/17	17/18	18/19
Implementation of Community Solutions	Proposed use of Flexible Receipts			
	Design	£0.19m		
	Implementation	£0.38m	£0.58m	£0.07m
	Total	£0.57m	£0.58m	£0.07m
	Savings per year		£0.24m	£2.48m
	Cumulative savings 2020/21			£11.14m

Project:		16/17	17/18	18/19
Implementation of the care and support service block	Proposed use of Flexible Receipts			
	Design	£0.53m		
	Implementation	£0.41m	£0.80m	
	Total	£0.94m	£0.80m	
	Savings per year		£4.35m	£3.54m
	Cumulative savings 2020/21			£32.99m

Project:		16/17	17/18	18/19
Start-up cost for Be First & Investment Strategy	Proposed use of Flexible Receipts			
	Design	£0.49m		
	Implementation	£0.66m	£2.17m	£0.32m
	Total	£1.15m	£2.17m	£0.32m
	Savings per year		£1.02m	£2.51m
	Cumulative savings 2020/21			£29.94m

Project:		16/17	17/18	18/19
Educational Attainment	Proposed use of Flexible Receipts			
	Design	£0.02m		
	Implementation			
	Total	£0.02m		
	Savings per year			
	Cumulative savings 2020/21			

Project:		16/17	17/18	18/19
Start-up cost for Traded Services	Proposed use of Flexible Receipts			
	Design	£0.18m		
	Implementation		£0.42m	
	Total	£0.18m	£0.42m	
	Savings per year		£0.17m	£0.15m
	Cumulative savings 2020/21			£1.54m

Project:		16/17	17/18	18/19
Leisure	Proposed use of Flexible Receipts			
	Design	£0.03m		
	Implementation	£0.01m	£0.05m	
	Total	£0.04m	£0.05m	
	Savings per year		£0.26m	£0.59m
	Cumulative savings 2020/21			£3.34m

Project:		16/17	17/18	18/19
Legal	Proposed use of Flexible Receipts			
	Design	£0.03m		
	Implementation		£0.07m	
	Total	£0.03m	£0.07m	
	Savings per year	£0.11m		
	Cumulative savings 2020/21			£0.53m

Project:		16/17	17/18	18/19
Parks & Open Spaces	Proposed use of Flexible Receipts			
	Design	£0.23m		
	Implementation	£0.01m	£0.04m	
	Total	£0.24m	£0.04m	
	Savings per year		£0.03m	
	Cumulative savings 2020/21			£0.33m

Project:		16/17	17/18	18/19
Service Improvement	Proposed use of Flexible Receipts			
	Design	£0.11m		
	Implementation	£0.44m	£0.31m	
	Total	£0.54m	£0.31m	
	Savings per year	£0.17m	£0.98m	£0.65m
	Cumulative savings 2020/21			£12.64m

Project:		16/17	17/18	18/19
Customer Access & Technology	Proposed use of Flexible Receipts			
	Design	£0.69m		
	Implementation			
	Total	£0.69m		
	Savings per year		£0.84m	£0.52m
	Cumulative savings 2020/21			£5.92m

Project:		16/17	17/18	18/19
Core Design & Workforce Development	Proposed use of Flexible Receipts			
	Design	£0.31m		
	Implementation	£0.07m	£0.13m	
	Total	£0.38m	£0.13m	
	Savings per year		£0.99m	£0.27m
	Cumulative savings 2020/21			£9.06m

Further additional receipts are also anticipated in the qualifying period and decisions about whether to earmark the receipts to be used flexibly will be made at the time.

The Cabinet adopted this strategy in February 2017 and agreed disposals with the intention that they can be used Flexibly to support qualifying expenditure during 2016/17 and future years.

Of the £5.3m receipts from assets disposed of in 2017/18, only £2.2m are expected to be achieved in the financial year as the date of two disposals has been delayed. However as an alternative it is proposed to substitute unrestricted Housing receipts that are available in year. (This is effectively a swap – when the disposals are completed the receipts will now be made available for Housing so neither scheme is disadvantaged).

Impact on Prudential Indicators

The guidance requires that the impact on the Council's Prudential Indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy.

There will be no impact on the Council's prudential indicators as a result of the implementation of this strategy because none of the assets in question have currently been allocated to the for use in the Council's capital programme

This page is intentionally left blank

Transformation Programme - Forecast Costs and Savings as at 18 January 2018

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Community Solutions	Delivery Costs						
	Design	384					384
	Implementation	631	2,788	1,139	350	40	4,948
	Total	1,015	2,788	1,139	350	40	5,332
	Savings / Income		243	3,224	4,101	5,071	12,639

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Care & Support	Delivery Costs						
	Design	557					557
	Implementation	424	709				1,133
	Total	981	709				1,690
	Savings / Income		4,352	9,627	10,384	12,094	36,458

	£'000	16/17	17/18	18/19	19/20	20/21	Total
My Place	Delivery Costs						
	Design	439					439
	Implementation	365	949				1,314
	Total	804	949				1,753
	Savings / Income		123	274	296	296	990

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Be First & Investment Strategy	Delivery Costs						
	Design	504					504
	Implementation	684	3,823	1,487			5,993
	Total	1,188	3,823	1,487			6,498
	Savings / Income		1,016	3,802	10,716	16,768	32,302

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Traded & Home Services	Delivery Costs						
	Design	200					200
	Implementation		939	24			964
	Total	200	939	24			1,163
	Savings / Income		172	1,264	1,396	2,271	5,103

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Leisure	Delivery Costs						
	Design	49					49
	Implementation		60				60
	Total	49	60				109
	Savings / Income		114	561	787	878	2,340

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Heritage & Culture	Delivery Costs						
	Design						
	Implementation						
	Total						
	Savings / Income		5	339	365	390	1,099

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Parks Commercialisation	Delivery Costs						
	Design	165					165
	Implementation		39				39
	Total	165	39				203
	Savings / Income		33	33	433	733	1,232

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Enforcement	Delivery Costs						
	Design	28					28
	Implementation	135	316				450
	Total	163	316				479
	Savings / Income	165	417	617	2,076	2,076	5,350

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Public Realm	Delivery Costs						
	Design	81					81
	Implementation	264	263				527
	Total	344	263				608
	Savings / Income		720	1,319	1,495	1,659	5,193

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Customer Experience & Digital	Delivery Costs						
	Design	709					709
	Implementation	10	2,085	14			2,109
	Total	720	2,085	14			2,819
	Savings / Income		842	1,362	1,703	2,013	5,920

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Core Design, New Ways of Working & Workforce Development	Delivery Costs						
	Design	305					305
	Implementation	20	428	682			1,130
	Total	325	428	682			1,435
	Savings / Income		1,134	2,937	2,799	7,080	13,950

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Technology & Integration	Delivery Costs						
	Design	265					265
	Implementation	67	1,972	618		200	2,856
	Total	332	1,972	618		200	3,122
	Savings / Income						

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Legal	Delivery Costs						
	Design	8					8
	Implementation						
	Total	8					8
	Savings / Income	105	105	105	105	105	525

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Improving Educational Attainment	Delivery Costs						
	Design	18					18
	Implementation						
	Total	18					18
	Savings / Income						

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Public Health	Delivery Costs						
	Design						
	Implementation						
	Total						
	Savings / Income			700	700	700	2,100

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Financial Adjustments	Delivery Costs						
	Design						
	Implementation						
	Total						
	Savings / Income			3,800	2,600	2,600	9,000

	£'000	16/17	17/18	18/19	19/20	20/21	Total
Total	Delivery Costs						
	Design	3,713					3,713
	Implementation	2,599	14,370	3,964	350	240	21,524
	Total	6,312	14,370	3,964	350	240	25,237
	Savings / Income	270	9,275	29,966	39,955	54,734	134,199

ASSEMBLY**28 February 2018**

Title: Treasury Management Strategy Statement 2018/19	
Report of the Cabinet Member for Finance, Growth & Investment	
Open Report	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: Claire Symonds, Chief Operating Officer	
<p>Summary</p> <p>This report deals with the Treasury Management Annual Strategy Statement, Treasury and Prudential Indicators, Annual Investment Strategy and borrowing limits, in compliance with Section 15(1)(a) of the Local Government Act 2003.</p> <p>The production and approval each year of a Treasury Management 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 consider the Council's capital investment plans for the next three years.</p> <p>The Treasury Management Code and the Prudential Code were revised in late 2017 with the main changes being the inclusion of the Capital Strategy requirements and the removal of some indicators. Some of these changes are reflected in the Prudential Indicators (Appendix 3) and in the Borrowing Strategy (Appendix 2). A Department for Communities and Local Government consultation on Investment Guidance closed 22 December 2017 but the final proposals were not available by the time this report was produced.</p> <p>The Cabinet considered and endorsed this report at its meeting on 19 February 2018.</p>	

Recommendation(s)

The Assembly is recommended to approve the Treasury Management Strategy Statement for 2018/19 and, in doing so, to:

- (i) Note the current treasury position for 2018/19 and prospects for interest rates, as referred to in paragraph 7.2 of the report;
- (ii) Approve the Council's Borrowing Strategy for 2018/19, incorporating the Debt Repayment Strategy and Policy on Borrowing in Advance of Need, as set out in Appendix 2 to the report;
- (iii) Approve the Annual Investment Strategy for 2018/19, incorporating the Creditworthiness Policy and outlining the investments that the Council may use for the prudent management of its investment balances, as set out in Appendix 1 to the report;
- (iv) Approve the Treasury Management and Prudential Indicators for 2018/19 – 2020/21, as set out in Appendix 3 to the report;
- (v) Approve the Minimum Revenue Provision Policy Statement for 2018/19, representing the Council's policy on repayment of debt, as set out in Appendix 4 to the report;
- (vi) Approve the Operational Boundary Limit of £1.002bn and the Authorised Borrowing Limit of £1.102bn for 2018/19, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as referred to in Appendix 3 to the report; and
- (vii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment, to proportionally amend the counterparty lending limits agreed within the 2018/19 Treasury Management Strategy Statement.

Reason(s)

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

1. Introduction and Background

- 1.1 The Council is required to operate a balanced budget, with cash raised during the year sufficient to meet the Council's cash expenditure. Treasury management supports the Council by seeking to ensure its cash flow is adequately planned, with cash being available when it is needed. Surplus cash is invested in counterparties or instruments commensurate with the Council's risk appetite, providing adequate security and liquidity while also considering the investment return.
- 1.2 A second function of treasury management is funding the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council,

essentially the longer-term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short-term loans or using longer term cash flow surpluses.

- 1.3 The Council is responsible for its treasury decisions, activity and risk appetite. The successful identification, monitoring and control of risk are integral elements of treasury management, including credit and counterparty risk, liquidity risk, market risk, interest risk, refinancing risk and legal and regulatory risk. The Council is statutorily required to approve the Treasury Management Strategy Statement (TMSS) prior to the new financial year.

2. Reporting Requirements

- 2.1 The Council is required to receive and approve at least three main treasury reports each year. These reports are required to be adequately scrutinised by Cabinet before being recommended to the Council. The three main treasury reports are:
 - i. **The Treasury Management Strategy Statement (TMSS)** is the most important report and considers the impact of the Council's proposed Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators (PIs) and the outlook for interest rates. In addition, the current market conditions are factored into any decision-making process.
 - ii. **An Annual Treasury Report** which outlines the actual PIs, treasury indicators and treasury operations compared to the estimates within the strategy.
 - iii. **A Mid-Year Treasury Management Report** to update Members on the progress of the capital position, amending PIs and investment strategy as necessary.
- 2.2 As the Council is responsible for housing, PIs relating to capital expenditure, financing costs and the Capital Financing Requirement (CFR) are split between the Housing Revenue Account (HRA) and the General Fund (GF). The impact of new capital investment decisions on housing rents will also need to be considered.
- 2.3 This report provides an explanation of the key elements of the Council's Treasury Management Strategy, its Minimum Revenue Provision (MRP) Strategy, the Annual Investment Strategy (AIS) for 2018/19 and the borrowing strategy, which are set out in detail in the appendices attached to this report.

3. Treasury Management Strategy for 2018/19

- 3.1 The Local Government Act 2003 and supporting regulations require the Council to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years and ensure the Council's capital programme is affordable, prudent and sustainable.
- 3.2 The Act requires councils to set out their treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment guidance issued after 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, above yield.

- 3.3 The Council has adopted the Department of Communities and Local Government (DCLG) investment guidance that came into effect from 1 April 2010. The strategy for 2018/19 covers the following main areas:

Treasury Management Issues

- Current Portfolio Position at 31 December 2017 (section 4);
- Medium Term Capital Finance Budget (section 5);
- Treasury Position at 31 December 2017 & Forward Projections 2017 (section 6);
- Economic Update and Interest Rate Forecast (section 7);
- The Capital Expenditure Plans 2018/19 – 2020/21 (section 8);
- Treasury Management Advisors (section 9);
- The Annual Investment Strategy and Investment Policies (appendix 1);
- Borrowing Strategy 2018/19 (appendix 2);
- The capital plans and the prudential indicators (appendix 3);
- The minimum revenue provision (MRP) strategy (appendix 4);
- Scheme of Delegation (appendix 5).

4. Current Portfolio Position at 31 December 2017

- 4.1 The Council holds cash balances arising from its operational activities, including income from grants and Council Tax, which are offset by expenditure to run services. The timing of these cash flows can result in surplus cash which is then available to invest. Cash balances are also affected by “working capital”, which relates to amounts of outstanding payments to be made to suppliers offset by amounts owed to the Council.

- 4.2 The Council’s year-end (31 March) cash balances since 2014/15 are shown below:

2017/18 - £240m (estimate)
2016/17 - £236m
2015/16 - £243m
2014/15 - £218m

- 4.3 These balances are made up of the following sources of cash:

- Capital grants and Section 106 funds received in advance of expenditure;
- General Fund, HRA and School cash balances;
- Earmarked Reserves and provisions;
- Capital Receipts and Working Capital;
- European Investment Bank Loans to fund regeneration;
- Green Investment Bank to fund energy company expenditure;
- Public Works Loan Board (PWLB); and
- bank loans including Lender Option Buyer Option Loans (LOBO).

- 4.4 Table 1 below shows the Council's investments and borrowing balances as at 31 December 2017, including the Average Life and the Average Rate of Return. The loans have been split between HRA borrowing and GF borrowing to match the two-pool approach the Council has adopted for borrowing. The Council invests all cash in one investment pool, with interest distributed between the HRA, schools and GF.
- 4.5 Members should be aware that the elevated level of short-term borrowing (£128.9m as at 31 December 2017) does significantly reduce the Average Life and the Rate of Return for General Fund as well as increase the total value of the investments held.

Table 1: Council's Treasury Position at 31 December 2017

	Principal Outstanding £000s	Interest Rate %	Average Life (yrs.)
General Fund Fixed Rate Borrowing			
LOBO	30,000	4.03	47.6
Local Authority (Medium-Term)	19,000	0.97	32.9
Local Authority (Short-term)	120,550	0.33	2.2
Market Loan	89,655	2.25	26.3
PWLB	130,000	2.37	41.2
Total General Fund Debt	389,205	1.77	23.6
Housing Revenue Account Fixed Rate Borrowing			
PWLB	265,912	3.50	39.3
Market Loans	10,000	3.98	61.7
Total Housing Revenue Account Debt	275,912	3.51	40.1
Total Council Borrowing	518,860	2.81	34.2
Investments			
Bank Deposit	179,744	1.13	1.1
Local Authority	81,720	1.07	1.5
Money Market Funds	19,325	0.32	-
Other Investments*	20,102	3.96	4.2
Total Investments	300,891	1.25	

* includes pension fund prepayment and loans to Barking Riverside LTD and schools.

5. Medium Term Capital Finance Budget

- 5.1 A key part of the Council's budget strategy is the medium-term capital finance budget shown as Table 2. It is a statutory requirement that the level of borrowing is kept under review and is affordable. Due to the Council's Investment and Acquisitions strategy, it is likely that the Council's cash position will significantly reduce over the next few years as a result of utilising the Council's reserves and using cash balances to fund property investments.
- 5.2 The significant increase in GF Interest Payable is due to the borrowing required to fund the Council's IAS. The medium-term capital financing budget to 2020/21 is outlined in table 2 below. The 2019/20 and 2020/21 interest payable budget will be amended when confirmation of the IAS cashflows are finalised. The interest income budget increase in 2018/19 includes interest from a prepayment to the pension fund and additional interest income expected from Reside 2:

Table 2: Medium Term Capital Finance Budget

£'000s	2017/18	2018/19	2019/20	2020/21
	Budget	Budget	Budget	Budget
MRP	6,688	8,157	8,557	9,457
GF Interest Payable	4,233	6,733	7,233	7,233
HRA Interest Payable	9,692	9,692	10,059	10,059
Interest Income	(2,099)	(4,299)	(3,099)	(3,099)
Net Cost	18,514	20,283	22,750	23,650

6. Treasury Position at 31 December 2017 and Forward Projections

- 6.1 The Council's treasury portfolio position at 31 December 2017, with forward projections are summarised in table 3. The table shows the actual external debt against the underlying Capital Financing Requirement (CFR), highlighting any over or under borrowing. The CFR and the Gross Debt includes borrowing to fund the first Barking & Dagenham Reside scheme as well as the borrowing from the EIB to fund Abbey Road Phase 2 and the Gascoigne Regeneration.

Table 3: Treasury Position at 31 December 2017, with Forward Projections

£'000s	2017/18	2018/19	2019/20	2020/21
	Estimate	Estimate	Estimate	Estimate
External Debt				
Debt at 1 April	542,302	612,302	662,302	672,302
Expected change in Debt*	70,000	50,000	10,000	10,000
Other long-term liabilities	58,078	55,245	52,308	49,407
Gross Debt at 31 March	670,380	717,547	724,610	731,709
CFR	692,315	754,583	751,668	738,181
Under / (over) borrowing	21,935	37,036	27,058	6,472

* Debt includes short-term borrowing

7. Economic Update and Rate Forecast

7.1 Economic Background

The biggest influence on the treasury strategy for 2018/19 will be the UK's progress in negotiating a smooth exit from the European Union and agreeing future trading relationships. The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

Consumer price inflation reached 2.8% in November 2017 as the devaluation of Sterling increased the price of imports. Unemployment continued to fall, and the Bank of England's Monetary Policy Committee judged that the extent of spare capacity in the economy seemed limited and the pace at which the economy can grow without generating inflationary pressure had fallen over recent years. With its

inflation-control mandate in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.5% on 2 November 2017.

In 2017 the US economy performance continued to perform well, and the Federal Reserve raised interest rates in regular steps to remove some of the emergency monetary stimulus it provided over the past decade. The European Central Bank did not raise rates, although it has started to taper its quantitative easing programme.

7.2 Interest rate forecast

The Monetary Policy Committee re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent. Future expectations for higher short-term interest rates are subdued and on-going decisions remain data dependant and negotiations on exiting the EU cast a shadow over monetary policy decisions.

As a result, gilt yields are forecast to remain broadly stable across the medium term, although there is likely to be some volatility during the year. Upward movement is likely to be limited but the overall trend is for market sentiment to a rate rise to increase during the year. The interest rate forecast is provided in table 3 below:

Table 3: Interest Rate Forecast for the BOE Base Rate and PWLB

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

7.3 Bail in legislation

As part of regulation changes within the banking sector the UK Government has removed the expectation that governments will support financial institutions in the event of an institution fail. This was set up to ensure there was a structure that will be followed should a financial institution fail. To do this the UK Government 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".

It could be argued that the potential for institutional investors to lose part of their investment has always been there and is the main driver behind the rates "rewarded" when an investment is made. The structure keeps the equity investor and bond holders at the top with Institutional Investors, therefore there is a significant buffer before the Council's cash holdings would be affected.

The Treasury section completes regular monitoring of the potential affect a significant market correction would have on the various banks the Council has deposited money with and will make adjustment to the strategy should any issues be identified.

7.4 Treasury Savings Targets

Historically the Council has maintained a prudent and low risk treasury investment strategy. This approach has ensured that the Council has not lost money from any of its investments, while achieving a return commensurate with the risk taken. This approach has led to treasury having a significant impact on the Council's overall funding requirements, both in terms of generating income from investments and from reducing the costs of borrowing to support the Council's capital programme.

In order for Treasury to support the reduced budgets for 2015/16 to 2018/19, Members agreed a number of savings targets for treasury as outlined in table 4 below, which shows the accumulative effect of the savings. A total of £1.6m worth of savings will have been removed from the annual treasury budget from 2018/19.

Table 4: Treasury Savings Targets for 2015/16 to 2018/19

Saving Reference	Savings Proposal	2015/16 £000	2016/17 £000	2018/19 £000	Total £000
CEX/SAV/27	Increase in Average Return	500	500	250	1,250
CEX/SAV/29	Increase Counterparty Risk	250	0	0	250
CEX/SAV/54e	Increase Duration Risk	100	0	0	100
	Total Savings	850	500	250	1,600

7.5 Return Target 2018/19 to 2020/21

To achieve the interest, target the treasury section needs to achieve the following average returns on an average cash balance of £160m (excluding EIB cash):

2018/19	1.40%
2019/20	1.70%
2020/21	2.00%

The increased return is heavily reliant on interest rates increasing from their current near historic lows. The increase does not need to occur in the first half of 2018 as treasury section has secured a return through longer dated investments, which is currently expected to achieve the 1.60% return for 2018/19. However, if rates do not increase by early 2018 then the return target for 2018/19 will be very challenging to meet without significantly increasing the duration risk and / or the counterparty risk.

7.6 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 short-term rate of the Council's investments, which will be calculated at the financial year end.

Where there is agreement by the Chief Operating Officer (COO), 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.

8. The Capital Expenditure Plans 2018/19 – 2020/21

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

8.2 Table 5 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 to consider the impact on Council Tax and, in the case of the HRA, housing rent levels.

Table 5: Proposed Capital Expenditure 2018/19 – 2020/21

Capital expenditure	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
General Fund	120,849	135,809	142,738	10,985	1,901
HRA	57,391	90,719	82,730	57,960	56,000
Total	178,241	226,528	225,467	68,945	57,901
Financed by:					
Capital Grants	81,333	38,415	34,707	0	0
Section 106	43	0	0	0	0
Revenue Contributions	860	990	400	400	400
Capital Receipts	13,687	25,698	2,809	400	350
HRA Contributions	40,668	79,804	82,730	57,960	56,000
Sub-Total	136,591	144,908	120,646	58,760	56,750
Net financing need for the year	41,650	81,620	104,821	10,185	1,151

8.3 The estimated financing need for the year in Table 5 represents a shortfall of resources resulting in a requirement to borrow. This underlying need to borrow is the 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 A portion of the net financing need has already been borrowed as this relates to the Abbey Road Phase 2 and Gascoigne regeneration schemes which was borrowed from the European Investment Bank.

8.5 Other long-term liabilities: the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements, which already include borrowing instruments.

8.6 Sufficient headroom has been provided within the Authorised Limit on external borrowing to ensure that any major capital investment projects resulting from the

IAS are not restricted by this statutory limit. The limit also covers any short term borrowing for cash flow purposes 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.

9. Treasury Management Advisors

- 9.1 The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.
- 9.2 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.
- 9.3 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.

10. Minimum Revenue Provision Policy Statement

- 10.1 In accordance with Statutory Instrument 2008 number 414 and guidance issued by the Government under section 21 (1A) of the Local Government Act 2003 a statement on the Council's policy for its annual Minimum Revenue Provision (MRP) needs to be approved before the start of the financial year.
- 10.2 A Department for Communities and Local Government (DCLG) consultation on Investment Guidance, which included potential changes to MRP closed on 22 December 2017, although the final proposals were not available in time to be included in this report.
- 10.3 The Cabinet is asked to approve the Minimum Revenue Provision Policy Statement set out in Appendix 4.

11. Impact of MIFID II reforms from 3 January 2018

- 11.1 Under MIFID II, all local authorities will be classified as retail counterparties and will have to consider whether to opt up to professional status and for which types of investments. The Council has now completed its opting up process with its advisors, brokers and banks.

12. Financial Implications

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

13. Legal Implications

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

- 13.1 It is a statutory requirement under the Government Finance Act 1992 (LGFA 1992) for the Council to set out what the council has to base its budget calculations upon.

Further it's a legal requirement for the council to set a balance budget with regard to the advice of its Chief Finance Officer. However, what is meant by 'balanced' is not defined in law and this has means that the Council must rely upon the professional judgement to ensure that the local authority's budget is robust and sustainable. The Local Government Act 2003 requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Council 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.

13.2 This report sets out the Councils strategies in accordance with the Act.

14. Other Implications

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

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

List of appendices:

- Appendix 1 – Annual Investment Strategy 2018/19
- Appendix 2 – Borrowing Strategy 2018/19
- Appendix 3 – Treasury Management and Prudential Indicators 2018/19 – 2020/21
- Appendix 4 – Minimum Revenue Provision Policy Statement 2018/19
- Appendix 5 – Treasury Management Scheme of Delegation 2018/19

This page is intentionally left blank

Annual Investment Strategy 2018/19

1. Background

- 1.1 In 2010 the DCLG issued Investment Guidance with the key intention of the Guidance to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. To facilitate these objectives the guidance requires this Council to have regard to the 2011 revised CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (the Code). This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the DCLG Guidance.
- 1.2 However, currently a consultation has been published by the DCLG considering changes to the 2010 Guidance which will impact the Prudential Code, the Treasury Management Code and the Minimum Revenue Provision (MRP) guidance. The key changes proposed are around ensuring that prudence and comprehensive due diligence forms part of any Council investment, including both treasury and property investments. The changes require greater transparency to ensure that Members understand and approve the overall investment strategy.
- 1.3 Although the exact requirements in the consultation are not known, this Council has a good track record of transparency of its treasury investments, and this report has been written to include all the proposed reporting requirements within the consultation. However, if additional reporting is required, then this will be included in the 2017/18 Treasury Management Annual Review report, due to be reported in June 2018.
- 1.4 Over the coming years the Council will significantly increase its investments in property as part of its Investments and Acquisition strategy. Financial risks, including the loss of capital, the loss of forecast income and the revenue effect of changing interest rates will be significant. The successful identification, monitoring and control of investment risk are therefore central to the Council's Treasury Management Strategy Statement (TMSS).
- 1.5 Borrowing risks also forms a key part of the TMSS, where a holistic approach to borrowing is outlined, taking into accounts opportunities from low interest rates, cash flow requirements and a significant range of borrowing options available to the Council. The strategy also outlines the need to avoid more complex forms, especially where derivatives are involved or where there is significant backloading of capital repayment
- 1.6 In accordance with the DCLG Guidance, the Council will be asked to approve a revised TMSS should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates or in the Council's capital programme.

2. Annual Investment Strategy (AIS)

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

1. The strategy guidelines for choosing and placing investments, particularly non-specified investments.
2. The principles to be used to determine the maximum duration for investments.
3. Specified investments that the Council will use. These are high security and high liquidity investments in sterling and with a maturity of no more than a year.
4. 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.
5. An additional consideration is the variable cash position the Council will have because of Council's investment strategy. The investment strategy will mean that the Council will be making significant borrowing and investment decisions, and these may result in period where the Council has a significant allocation to a counterparty.

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

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

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

3. Creditworthiness policy

3.1 This Council uses an adapted version of the creditworthiness approach used by the Council's advisors, Link Asset Services (LAS). This service employs a modelling approach utilising credit ratings from the three main credit rating agencies (Fitch, Moody's & Standard and Poor's). This approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system for which the end product

is a series of colour coded bands which indicate the relative creditworthiness of counterparties. The Council uses the following colour codes to determine the suggested duration for investments:

- **Yellow** 5 years
- **Dark pink** 5 years - enhanced money market fund with a credit score of 1.25
- **Light pink** 5 years - enhanced money market fund with a credit score of 1.50
- **Purple** 2 years
- **Blue** 2 year (only applies to Royal Bank of Scotland)
- **Orange/Red** 1 year
- **Green** 100 days
- **No colour** not to be used

3.2 The Council uses a one year limit for red colour ratings, which differs from the model used by LAS, which sets a limit of 6 months. This difference reflects a different risk appetite to the standard limits recommended by LAS.

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

3.4 The Council is alerted to changes to ratings of all three agencies through its use of our creditworthiness service. If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

3.5 In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

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

4. The Monitoring of Investment Counterparties

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

5. Use of External Cash Manager(s)

5.1 The Council no longer uses an external cash manager (ECM) within its investment portfolio, with all investments and borrowing managed in-house. Were the Council to use an ECM in the future there would be a requirement for the ECM to comply with

the AIS. Any agreement between the Council and the ECM will stipulate guidelines, durations and other limits to contain and control risk.

- 5.2 Prior to appointing an ECM, a full OJEU compliant tender process is required. An extensive background in cash management will be a prerequisite, alongside Financial Conduct Authority accreditation. The requirement to tender includes both for lending to a third party to invest and appointing an ECM to directly invest.

6. Use of additional information other than credit ratings

- 6.1 Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies 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 CDSs, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

7. Credit Quality Criteria and Allowable Financial Instruments

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

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

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

7.3 Non-Specified Investments

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

Non Specified Investment Category (maturity greater than one year)	
a.	Supranational Bonds
	(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.).
	(b) A financial institution that is guaranteed by the UK Government

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

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

7.4 Non-Treasury Investments

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

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

The Authority's existing non-treasury investments are listed in Appendix 1a.

Specified Investments and Non-Specified Investments Limits and Criteria

Counterparty / Financial Instrument	Minimum Credit Rating Criteria / Colour Band	Specified Investments		Non-Specified Investments	
		Maximum Duration	Counterparty Limit £m	Maximum Duration	Counterparty Limit £m
Council's Bank (currently Lloyds Baking Group)	A	T+1	£20m	N/A	N/A
Lloyds Banking Group SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds	A	Up to 1 year	£100m	1 to 3 years	£100m
Government Supported UK Bank – Royal Bank of Scotland SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds	Blue	Up to 1 year	£50m	1 to 2 years	£50m
Other UK Banks & Building Societies SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bond	Yellow Purple Orange/Red Green No Colour	N/A N/A Up to 1 year Up to 3 mths Not for use	£50m per counterparty	1 to 5 years 1 to 2 years 1 to 2 years N/A N/A	£50m per counterparty
Bond Funds - Corporate Bonds	Short-term F2, Long Term A	Up to 1 year	£20m	1 to 3 years	£20m
Local Authorities: Term Deposits	Not credit rated	Up to 1 year	£50m per authority	1 to 5 years	£50m per authority
UK Government - Treasury Bills, Gilts DMADF	UK Sovereign Rating	Up to 1 year	£50m	1 to 10 years	£20m
All types of Money Market Funds / Cash Plus	AAA	T+1	£30m per Manager	N/A	N/A
Property Funds	N/A	N/A		N/A	£40m

8. Use of other Local Authorities

8.1 For cash loans the Local Government Act (LGA) 2003 s13 suggests the credit risk attached to English, Welsh and Scottish local authorities is an acceptable one.

9. Use of Multilateral Development Banks

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

10. Use of Brokers

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

11. Country limits and Use of Foreign Banks

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

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

Approved countries for investments (Credit Rating as at 31 December 2017)

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

AAA	AAA	AA+	AA	AA
Australia	Netherlands	Finland	Abu Dhabi (UAE)	New Zealand
Canada	Norway	Hong Kong	France	South Korea
Denmark	Singapore	U.S.A.	Qatar	
Germany	Sweden	Austria	U.K.	
Luxembourg	Switzerland		Kuwait	

12. Third Party Loans

12.1 As part of the Council's Transformation Programme a number of loans have been made to third parties and wholly owned companies.

12.2 Each loan is closely monitored using the process outlined in section 13 below. The loan details, when it was agreed and the reason for each loan is outlined below.

i. Loan to Be First

At the November 2016 Cabinet, Members agreed to establish a new Council-owned company to manage the delivery of the borough's regeneration agenda, Be First, in line with Recommendation 8 of the report of the independent Growth Commission.

Be First is a 100% Council-owned company that is operationally independent of the Council, operating in the same way as a commercial organisation, and being accountable to members through a Shareholder Executive Board.

To support Be First cash flow requirements during the first few years of established, Members agreed a loan of up to £3.5m to Be First. The Loan details are:

Loan Amount: £3.5m
Start Date: 1 October 2017
Repayment Date 31 March 2021
Rate: 4.0%
Loan Guarantee: London Borough of Barking and Dagenham
Repayment: Equal Instalments. First payment 31 March 2020
Drawdown Period: 1 October 2017 to 30 September 2018

ii. Loan to Barking & Dagenham Trading Partnership

Following the production of a Business Plan, Members agreed a £595k loan for the initial set-up costs, including training, branding, marketing, communications, specialist resources required to set up the new company and initial governance costs such as payments to Directors.

Loan Amount: £595k
Start Date: 1 April 2018
Repayment Date 31 March 2021
Rate: 4.0%
Loan Guarantee: London Borough of Barking and Dagenham
Repayment: Equal Instalments. First payment 31 March 2019
Drawdown Period: 1 April 2018 to 30 September 2018

13. Provisions for Credit-related losses

13.1 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.

13.2 Where the Council holds a non-financial investment, such as property, it will have a physical asset that can be realised to recoup the capital invested. The Council will consider whether the asset retains sufficient value to provide security of investment

using the fair value model in International Accounting Standard 40: Investment Property. Where the fair value of non-financial investments is sufficient to provide security against loss, a fair value assessment will be made stating that a valuation has been made within the past twelve months, and that the underlying assets provide security for capital investment.

- 13.3 Where the fair value of non-financial investments is no longer sufficient to provide security against loss, the AIS will provide detail of the mitigating actions that the Council is taking or proposes to take to protect the capital invested.
- 13.4 Where the Council must impair a non-financial asset held for investment purposes as part of the year end accounts preparation and audit process, an updated AIS should be presented to full council detailing the impact of the impairment on the security of investments and any revenue consequences arising therefrom.
- 13.5 This above approach is reasonable and a prudent approach to investing should help to negate this impact. However, a significant market correction, more complicated investment structures (including investments via equity rather than debt) and a default on any of the Council's loans would leave the Council exposed to an impairment on assets. The impact of the impairment will have a greater impact as the council increases its investment portfolio and third-party loans.

14. End of year investment report

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

15. Policy on Use of Derivatives

- 15.1 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 15.2 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 15.3 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

16. Investment Training

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

17. Investment of Money Borrowed in Advance of Need

- 17.1 The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

Borrowing Strategy 2018/19

1. Background

- 1.1 Historically the Council has either been debt free or has had a very low-level of debt. This changed significantly in 2012 when, as part of the HRA reform, £265.9m of debt was transferred to the Council's HRA.
- 1.2 In January 2015, £89m was borrowed for the Council's General Fund (GF) from the European Investment Bank (EIB) to fund the regeneration of Abbey Road 2 and Gascoigne East. Abbey Road 2 is currently operational, bringing in sufficient income to cover the capital and interest costs, as well as generating income for the Council. Gascoigne East will be operational in 2018.
- 1.3 In November 2016, Cabinet approved the establishment of an Investment and Acquisition Strategy (IAS). Cabinet also approved an initial £250m investment budget and £100m land and property acquisition budget to support delivery of the IAS. The purpose of the IAS is to support the Borough's growth opportunities and to ensure that the Council, and future generations, benefit by increasing the Council's ownership of long-term income producing assets.
- 1.4 The IAS has an income objective and a target of delivering £5.12m by 2020/21. The IAS will be delivered primarily by the Council's development vehicle, Be First, and it is expected that Be First will accelerate the regeneration of the borough.
- 1.5 The IAS will support the Council to fundamentally change its approach to investment and regeneration. Going forward the Council will become a proactive developer and investor, helping to support growth opportunities and ensure that the Council and future generations benefit by increasing its ownership of long-term income producing assets. Potentially 44 schemes are in the pipeline over a period of 15 years, with the total capital expenditure estimated at over £2bn, were the whole programme funded by the Council. Whilst the Council will use, where possible, capital receipts it generates from land sales to help finance acquisition costs, the main source of financing of the full programme will be from borrowing.
- 1.6 It is expected that the net capital expenditure required, which is the capital spend less any money received from private sales and shared ownership, will be significantly less than £2.0bn. There may also be occasions where refinancing may be used to secure borrowing on the properties when they are operational and in some cases properties will be sold to fund new regeneration schemes.
- 1.7 Due to the scale of the regeneration programme borrowing from the Public Works Loan Board (PWLB) will be considered, especially when rates are low, as will institutional funders such as the EIB. In addition, it may be more advantageous to raise finance through the issuance of a bond or seek funding from the capital markets. A range of borrowing periods will also be used based on cashflow requirement, ensuring that not all borrowing is long term and that the debt repayment is linked to the income generated from both the rental returns and the sales receipts.

- 1.8 It is important to highlight that the Council's IAS will increase the Council's interest payment costs significantly. Were the Council to borrow a billion pounds at 2.5% then the interest costs would be £25m per year. Although this will be funded by rental income from the various schemes, this will still result in a long-term obligation on future generations as some of the loans that will be taken out have maturity dates of 50 years.
- 1.9 An additional consideration is the cost of borrowing during the construction phase. Borrowing costs are high during the construction period as there are still borrowing costs but no income coming in from the scheme. Short-term borrowing, structured borrowing and cross subsidising from other schemes will reduce the impact of this but there will remain a financing and interest rate risk during this period.
- 1.10 The Council recognises that investment in other financial assets and property primarily for financial return and taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.
- 1.11 The Council will ensure that all its investments are covered in the IAS and will set out, where relevant, its risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.
- 1.12 The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure. This schedule will be part of a capital strategy developed in response to the revised Prudential and TM Code requirements

2. The Council's Borrowing Strategy

- 2.1 The decision to borrow is a treasury management decision and is taken by the COO under delegated powers of the Council's constitution and after consultation with the Group Manager – Treasury and Pensions and the Director of Finance. The key objective of the Council's borrowing strategy is to secure long term funding for capital projects and IAS at borrowing rates that are as low as possible.
- 2.2 Currently the Council has a holistic approach to borrowing, taking into account cashflow, borrowing costs and investment returns to drive the net cost of borrowing down, while keeping the borrowing transparent and relatively easy to understand. This holistic approach has resulted in very low net borrowing costs, with the 2017/18 net interest budget of £2m supporting £245m of General Fund long term borrowing. This equates to a net cost (interest payments less interest income) of 0.81% for an average duration of approximately 41 years. While it will not be possible to keep borrowing costs this low for future borrowing, this holistic approach will be maintained, with transparency a key driver behind any borrowing decision.

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

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

2.4 In 2018/19 a significant amount of borrowing is required. The COO and treasury section will monitor interest rates and, where possible, make borrowing decisions when rates are low, while taking into account the Council's debt repayment profile and cashflow requirements. The Council's borrowing strategy will give consideration to the following when deciding to take-up new loans:

- Use internal cash balances;
- Using PWLB, the EIB or Local Authorities for fixed term loans;
- Using Institutional investors (Pension Funds and Insurance Companies);
- Ensure new borrowings are drawn at suitable rates and periods; and
- Consider the issue of stocks and bonds if appropriate.

2.5 The Council has £30m of fixed rate Lender's Options Borrower's Option (LOBO) loans and all of them will be in their call period during 2018/19. 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. Any LOBO called will have the default position of repayment of the LOBO without penalty, i.e. the revised terms will not be accepted.

3. Council's Current Debt

3.1 The Council currently has £665.1m of debt at an average rate of 2.49%. This can be broken down as follows:

Borrowing	Amount Borrowed £'000s	Average Rate of Borrowing
General Fund		
LOBO	30,000	4.03
Local Authority (Medium-Term)	19,000	0.97
Local Authority (Short-term)	120,550	0.33
Market Loan	89,655	2.25
PWLB	130,000	2.37
Total General Fund Borrowing	389,205	1.77
HRA		
LOBO	10,000	3.98
PWLB	265,912	3.50
Total HRA Borrowing	275,912	3.51
Total Council Borrowing	665,117	2.49

3.2 General Fund Debt

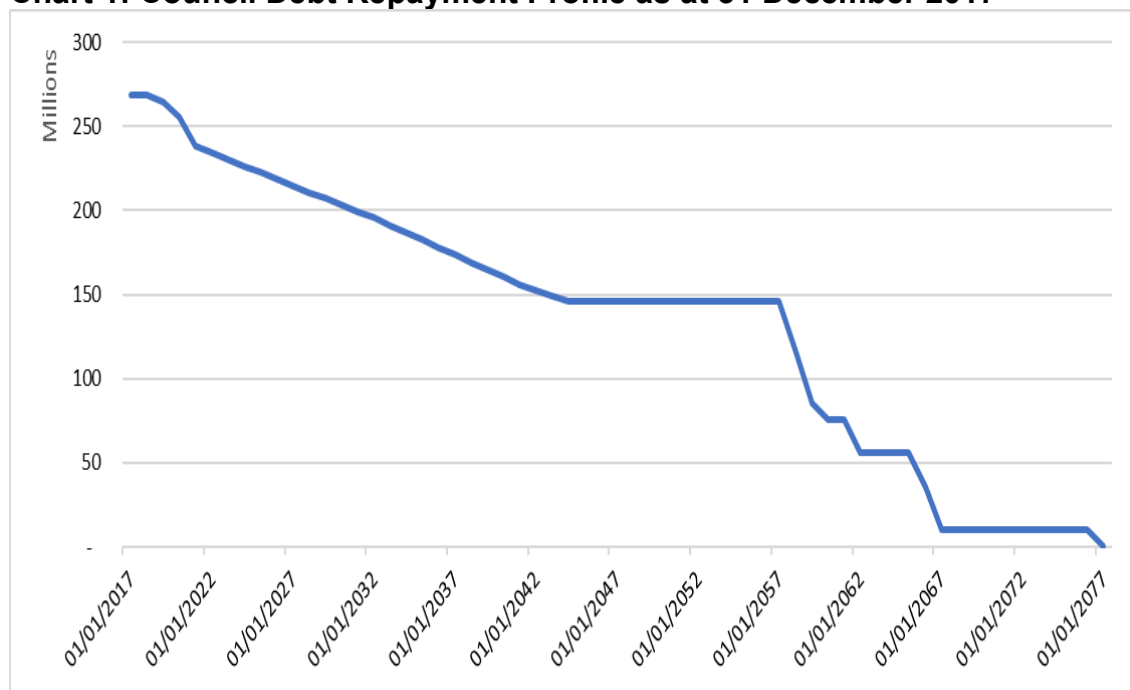
The GF debt can be split into Short-Term borrowing and Long-Term borrowing. Short-term borrowing is used to manage the Council daily cash requirements and to allow the Council to make strategic, longer term borrowing decisions without a significant impact from the cost of carry.

Long-term borrowing has historically been used to fund the Council’s capital expenditure but is now mainly used to fund the Council’s IAS. The Council first borrowed over a long-term period in 2008, with more significant borrowing in the past three years. While borrowing is not attributed to specific projects, the following are substantial elements of the capital programme:

Year	Amount	Reason for Borrowing
Pre-2015	£30m	Borrowing for Capital Expenditure
2015	£89m	Borrowing for Abbey Road and Gascoigne East Regen.
2016	£59m	Borrowing for Land and Property Acquisition
2017	£90m	Borrowing for Street Purchases and Acquisitions
Total	£268m	

Although the borrowing is long-term, a large part of the Council’s debt is repaid each year through either an annuity repayment or equal instalment repayment. As a result, the Councils debt repayment profile is relatively smooth, as outlined in the chart below. Future borrowing will be mapped against this repayment profile and the forecast cashflows to help refinancing risk but also allow for a steady reduction in the Council’s debt exposure.

Chart 1: Council Debt Repayment Profile as at 31 December 2017



3.3 Borrowing from Financial Institutions

The treasury section will generally borrow from the PWLB when rates are low. However, where cheaper or more appropriate borrowing is available from other financial institutions then this is used as an additional source of financing.

Currently the following loans have been borrowed from financial institutions:

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

The drawdown of the full £89m was completed on 30 January 2015 at a rate of 2.207%.

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

At its meeting on 2 December 2015 the Council agreed to borrow £7.5m from the GIB to finance the Low Energy Street Light Replacement Programme via the UK GIB Green Loan.

On 15 December 2016, a loan of £7.0m was borrowed from the GIB at a rate of 3.44% for a duration of 30 years. The borrowing drawdown period will be over a two-and-a-half-year period and will match the forecast expenditure. The repayment of the loan has been structured to best match the cashflows expected to be generated from the energy savings.

3.4 HRA Self Financing

The Council uses a two loans pool approach for long term debt. The £265.9m of PWLB long-term debt from the HRA reform is allocated to the HRA. A breakdown of the HRA borrowing is provided in table 5 below:

Table 5: HRA borrowing:

Loan Type	Loan Amount	Maturity profile	Interest Rate
	£'000s	Yrs.	%
PWLB	50,000	24	3.51
PWLB	50,000	34	3.52
PWLB	50,000	42	3.49
PWLB	50,000	43	3.48
PWLB	65,912	44	3.48
Barclays	10,000	60	3.98
Total	275,912		

The HRA debt cap is currently set at £278m; however, the Council has been given approval from the DCLG to exceed this by £13.95 making the new total cap £291.60 onwards from 2018/19.

4. Repayment of Borrowing

- 4.1 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).
- 4.2 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).
- 4.3 Internal borrowing can also be reduced by generating capital receipts, which will replenish cash balances and in accounting terms be used for financing historic spend rather than for new capital projects.

5. Policy on borrowing in advance of need

- 5.1 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.
- 5.2 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.

Treasury Management and Prudential Indicators 2018/19 – 2020/21**1. Introduction**

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

The Prudential Code was revised in 2017 with the main changes being the inclusion of the Capital Strategy requirements and the removal of some indicators. The changes are reflected in this Prudential Indicators report and in the Capital and Borrowing Strategy (appendix 2).

To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out a number of indicators that must be set and monitored each year. These indicators are outlined in this report.

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

Currently the Council is going through a period of significant investment and regeneration, with the Investment and Acquisitions Strategy (IAS) agreed to establish the framework for the capital expenditure. Be First has also been appointed to drive through the Council's ambitious regeneration programme, with the aim of speeding up the planning and investment process.

Members are asked to be aware that the estimates in the Capital Expenditure Forecast for 2018/19 to 2020/21 only include the capital expenditure that has been agreed by Cabinet. As such this will likely change significantly as the schemes within the IAS are formally agreed. An updated Capital Expenditure Forecast will be brought for Member approval as part of the Treasury Management Mid-Year Review report to reflect any agreements that are made after this report.

Part of the Capital Expenditure includes the financing of Reside 2 (Abbey Road 2 and Gascoigne East regeneration). Funding of Reside 2 is from a loan from the European Investment Bank (EIB). Abbey Road 2 is now being let and is bringing in income, which will be used to repay the loan and interest to the EIB as well as provide significant net cash inflows into the Council. Gascoigne East will be operational in 2018. Members are asked to approve the capital expenditure forecasts in Table 1:

Table 1: Capital Expenditure Forecast 2018/19 to 2020/21

Capital expenditure	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Service Development & Integration	67,191	0	0	0	0
Customer, Com. & Service Delivery	7,587	0	0	0	0
Finance & Investment	25,151	0	0	0	0
Growth & Homes	20,851	0	0	0	0
Be First	0	1,978	477	0	0
Care & Support	0	1,791	400	400	400
Community Solutions	0	4,330	1,720	400	350
Core	0	8,302	100	438	172
Customer Access & Technology	0	4,359	0	0	0
Education, Youth & Childcare	0	25,075	32,741	0	0
Enforcement	0	10,170	5,247	4,484	40
Culture, Heritage & Recreation	0	4,305	3,836	550	600
Investment Strategy	0	482	31,125	0	0
Growth & Homes & Regeneration	0	67,664	65,177	3,916	0
My Place	0	1,209	0	0	0
Public Realm	0	1,080	706	205	195
SDI Commissioning	0	4,459	1,112	480	0
Traded Services	0	517	0	0	0
HRA	57,391	90,719	82,730	57,960	56,000
Finance Lease & PFI Additions	69	88	96	112	144
Approved Capital Programme	178,241	226,528	225,467	68,945	57,901
Funded by Corporate Borrowing	41,650	81,620	104,821	10,185	1,151

Table 2 summarises these capital expenditure plans, identifying if the spend is financed by capital or revenue resources, with any shortfall funded by borrowing.

Table 2: Capital Expenditure Financing Plans 2018/19 – 2020/21

Capital expenditure	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
General Fund	120,849	135,809	142,738	10,985	1,901
HRA	57,391	90,719	82,730	57,960	56,000
Total	178,241	226,528	225,467	68,945	57,901
Financed by:					
Capital Grants	81,333	38,415	34,707	0	0
Section 106	43	0	0	0	0
Revenue Contributions	860	990	400	400	400
Capital Receipts	13,687	25,698	2,809	400	350
HRA Contributions	40,668	79,804	82,730	57,960	56,000
Sub-Total	136,591	144,908	120,646	58,760	56,750
Net financing need for the year	41,650	81,620	104,821	10,185	1,151

The Council's borrowing requirement (CFR)

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

The CFR does not increase indefinitely, as the minimum revenue provision (MRP), a statutory annual revenue charge, 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 2020/21 and are accumulative.

The Reside 1 costs are financed through an external lender via a Special Purpose Vehicle and is effectively self-financing.

The Council is asked to approve the CFR projections.

Table 3: Council's CFR 2016/17 – 2020/21

Capital expenditure	2016/17	2017/18	2018/19	2019/20	2020/21
Capital Financing Requirement	Actual £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
CFR – General Fund	223,979	258,275	316,520	309,817	296,776
Reside 1	91,021	90,624	90,212	89,783	89,337
Reside 2	26,718	64,944	100,504	104,721	104,721
CFR – Housing	278,472	278,472	278,472	278,472	278,472
Total CFR	620,190	692,315	785,708	782,793	769,306
Movement in CFR	33,139	72,125	93,393	(2,915)	(13,487)
Net financing need	41,650	81,620	104,821	10,185	1,151
Less MRP & financing movements	(8,511)	(9,495)	(11,428)	(13,099)	(14,638)
Movement in CFR	33,139	72,125	93,393	(2,915)	(13,487)

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

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

£'000s	2017/18	2018/19	2019/20	2020/21
Maximum principal sums invested > 365 days	250,000	250,000	200,000	200,000

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

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

Interest rate exposures	2018/19	2019/20	2020/21
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	70%	70%	70%
Limits on fixed interest rates:			
• Debt only	100%	100%	100%
• Investments only	90%	90%	90%
Limits on variable interest rates			
• Debt only	70%	70%	70%
• Investments only	80%	80%	80%

Maturity structure of fixed interest rate borrowing 2018/19		
	Lower	Upper
Under 12 months	0%	40%
12 months to 2 years	0%	60%
2 years to 5 years	0%	70%
5 years to 10 years	0%	70%
10 years and above	0%	100%

Maturity structure of variable interest rate borrowing 2018/19		
	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. Given the uncertainty around the borrowing requirement resulting from the Council's IAS Programme, a margin has been included in these figures to reflect potential additional borrowing above the current CFR.

Operational boundary	2017/18	2018/19	2019/20	2020/21
£'000s	Approved	Estimate	Estimate	Estimate
Borrowing	752	1,002	1,152	1,202

- 4.2 **The Authorised Limit for external borrowing** – this represents a control on the maximum level of borrowing, with a limit set, beyond which external borrowing is prohibited. This limit must be set or revised by the full Council. The limit set includes a margin for borrowing to fund the Council's property investments.

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

Authorised Limit	2017/18	2018/19	2019/20	2020/21
£'000s	Approved	Estimate	Estimate	Estimate
Borrowing	902	1,102	1,202	1,302

- 4.3 **HRA CFR Cap** - the Council is also limited to a maximum HRA CFR through the HRA self financing regime. This limit is currently:

HRA Debt Cap	2017/18	2018/19	2019/20	2020/21
£'000s	Approved	Estimate	Estimate	Estimate
Total	277.649	277.649	291,599*	291,599*

* The HRA debt cap is currently set at £277.649m, however the Council has been given approval from the Department for Communities & Local Government, to exceed this by £3.2m and by a further £10.75m, making the potential total cap of £291,599 onwards from 2019/20.

This page is intentionally left blank

Minimum Revenue Provision Policy Statement 2018/19

Background

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

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

10. In relation to capital expenditure for which support forms part of the calculation of revenue grant by the government or any capital expenditure incurred before 1 April 2008, the MRP shall be calculated in accordance with the Local Authorities CFR Regulations 2003 as if it had not been revoked. In arriving at that calculation, the CFR shall be adjusted as described in the guidance.
11. In addition, the calculation method and the rate or the period of amortisation referred to in the guidance may be varied by the COO in the interest of affordability.
12. The methodology applied to pre-2008 debt remains the same and is an approximate 4% reduction in the borrowing need (CFR) each year. A review of this methodology will be carried out and reported for the Treasury Management Strategy Statement report in February 2018.

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

13. Where capital expenditure incurred from 1 April 2008 is on an asset financed wholly or partly by self-funded borrowing, the MRP is to be made in instalments over the life of the asset. The calculation method and the rate or the period of amortisation shall be determined by the COO.
14. The COO shall determine how much and which capital expenditure is funded from borrowing and which from other sources. Where expenditure is only temporarily funded from borrowing in any one financial year and it is intended that its funding be replaced with other sources by the following year, no MRP shall apply. Nor shall any annual MRP apply where spend is anticipated to be funded from capital receipts or grants due in the future but is in the meantime funded from borrowing, subject to a maximum of three years or the year the receipt or grant is received, if sooner.
15. The asset life method shall be applied to borrowing from 1 April 2008, which is treated as capital expenditure by either a direction under section 16(2) of the 2003 Act or regulation 25(1) of the 2003 Regulations. The maximum useful economic lives will be 50 years for Freehold Land and 40 years for other asset classes. For regeneration schemes the COO shall determine the asset life and in some cases, this may exceed 40 years. When borrowing to construct an asset, the asset life will commence in the year the asset first becomes operational and MRP will be postponed until that year.
16. Where capital expenditure involves repayable loans or grants to third parties no MRP is required where the loan or grant is repayable. By exception, based on a business case and risk assessment, this approach may be amended at the COO's discretion.
17. Where capital expenditure involves a variety of works and assets, the period over which the overall expenditure is judged to have benefit over shall be considered as the life for MRP purposes. Expenditure arising from or incidental to major elements of a capital project may be treated as having the same asset life for MRP purposes as the major element itself. An estimate of the life of capital expenditure may also be made by reference to a collection or grouping of expenditure type or types.

Loans to Special Purpose Vehicles

18. As part of its Investment and regeneration programme, the Council will use several Special Purpose Vehicles (SPV) held through Reside to manage its property regeneration schemes. This will require the Council borrowing to provide funding for the SPV and for the SPV to repay the loan based on the cashflow forecast to be generated from the properties.
19. Initially the MRP the Council will use for the loans to the SPV will be the annuity repayment methodology over the useful life of the asset. The MRP will therefore reflect the repayment profile of the SPV to the Council and any borrowing made by the Council will be made to match the cashflow requirements of the SPV.
20. The MRP annuity method makes provision for an annual charge to the General Fund which takes account of the time value of money (whereby paying £100 in 10 years' time is less of a burden than paying £100 now). The annuity method also matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life (i.e. the method reflects the fact that asset deterioration is slower in the early years of an asset and accelerates towards the latter years). This re-profiling of MRP therefore conforms to the DCLG "Meaning of Prudent Provision" which provides that "*debt [should be] repaid over a period that is reasonably commensurate with that which the capital expenditure provides benefits*".
21. Subsequently, where an investment property is operational and has been valued at sufficiently more than its net cost, as at each financial year end, at the discretion of the COO, no MRP will need to be set aside during that year. A key consideration of the COO will be if the property can be sold in an open market and that sale will potentially take place within a five-year period. Any MRP that has already been set aside for the investment property will be retained as a reserve against the property. For subsequent years a revaluation of the property will need to be completed. Where the asset is valued at less than its net cost, then MRP, net of any MRP already charged and based on the remaining life of the asset, will need to be set aside.

PFI leases

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

This page is intentionally left blank

Treasury Management Scheme of Delegation 2018/19

Treasury management scheme of delegation

(i) Full board/council

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

(ii) Boards/committees/council/responsible body

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

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

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

The treasury management role of the section 151 officer

The S151 (responsible) officer

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

This page is intentionally left blank

ASSEMBLY**28 February 2018**

Title: Pay Policy Statement 2018/19	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Gail Clark, Head of Workforce Change	Contact Details: Tel: 0208 724 3543 E-mail: gail.clark@lbbd.gov.uk
Accountable Strategic Director: Fiona Taylor, Director of Law and Governance	
<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 also sets out the matters which must be covered in the policy.</p> <p>The Council's draft Pay Policy Statement for 2018/19, attached at Appendix A, sets out the expected position at 1 April 2018.</p> <p>The Cabinet considered this report at its meeting on 19 February 2018 and, in recommending it to the Assembly, also agreed to apply the uplift in the London Living Wage with effect from 6 November 2017, which increased the minimum hourly rate of pay from £9.75 to £10.20 per hour. That decision is reflected at paragraph 3.3 of the Pay Policy Statement.</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 2018/19 as set out at Appendix A to the report, for publication on the Council's website with effect from April 2018.</p>	
<p>Reason(s)</p> <p>Under the terms of the Localism Act 2011 the Council must agree a pay policy statement in advance of the start of each financial year.</p>	

1. Introduction and Background

1.1 Section 38(1) of The Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for senior officers (Chief Officers) to be agreed by all Councillors at an Assembly meeting before the beginning of each financial year. This policy is timetabled to go to the Assembly on 28 February 2018.

1.2 The Council produced its first Pay Policy Statement for the 2012/13 financial year in accordance with the Localism Act 2011. The definition of Chief Officer covers the Chief Executive, Chief Operating Officer, Strategic Directors, Commissioning and Operational Directors. The matters that must be included in the pay policy statement are as follows:

- The level and elements of remuneration for each Chief Officer.
- The remuneration of its lowest paid employees (together with its definition of 'lowest paid employee' and the reasons for adopting that definition).
- The relationship between the remuneration of its Chief Officers and other officers.
- Other specific aspects of chief officer's remuneration: remuneration on recruitment, increase and additions to remuneration, use of performance related pay and bonuses, termination payments and transparency.
- The Localism Act defines remuneration widely to include not just pay but also charges, fees, allowances, benefits in kind.
- Enhancements of pension entitlement and termination payments.

1.3 The Pay Policy statement:

- Must be approved by the full Council (Assembly).
- Must be approved by the end of March each year.
- Can be amended in year.
- Must be published on the Council's website (and in any other way the Council chooses).
- Must be complied with when the Council sets the terms and conditions for a chief officer.

2. Context of the Pay Policy Statement

2.1 The 2017/18 Pay Policy Statement set out the huge challenges and opportunities this borough faces as a result of the on-going squeeze on public finances and the aspirations of this council in response. Over the last year, the Council has been implementing the work set out in (i) the Growth Commission report and the Council's response to it, and (ii) the A2020 proposals.

2.2 The JNC Salaries and Conditions Panel agreed in May 2015 to create the current senior management structure. This was an interim structure as

2015/16 and 2016/17 was designed to manage the transitional stages. The Committee agreed that a further review of the top team would be required in 2017 focusing on the new operating model of the organisation. In November 2017 the same committee therefore agreed to a new a new senior management structure to reflect the changes which have already been made in establishing the new kind of council; to ensure realisation of the benefits of the transformation programme; and to provide clear accountability for the achievement of the key goals of the council as set out in the Borough Manifesto.

- 2.3 In establishing the new structure, the net effect of the deletion of the old posts and the creation of the new has been a reduction in costs of no less than £100,000 annually, on top of the reductions of management costs of £1m as noted by the Assembly when approving the 2017/18 Pay Policy.

3. London Living Wage

- 3.1 The London Living Wage increased from £9.75 to £10.20 with effect from 6 November 2017.
- 3.2 Initial assessments suggest the cost of implementing this increase is circa £12,000 per annum and would be captured within existing budgets.

4. Consultation

- 4.1 This report and the Pay Policy Statement for 2018/19 was considered and endorsed by the Cabinet at its meeting on 19 February 2018.

4. Financial Implications

Implications completed by Katherine Heffernan, Finance Group Manager

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

5. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Lawyer

- 5.1 This report outlines the Council's obligations with regard to senior officer pay and in particular in relation to the information to be provided pursuant to section 38 of the Localism Act.

6. Other Implications

- 6.1 **Risk Management** – There are no risks attached to the statement as it describes the current position.
- 6.2 **Contractual Issues** – The statement makes no changes to employees' contractual position.

- 6.3 **Staffing issues** – The staffing issues are fully explored within the main body of the report.
- 6.4 **Equalities Issues** – The Council’s approach to pay is based on the use of established job evaluation processes to determine the salary for individual roles, eliminating the potential for bias in the process.
- 6.5 **Service issues** – The ability to deliver effective services is dependent on having the right staff at different levels. The Council must have an approach to pay that enables it to recruit and retain the right people and also motivate them to perform. The Pay Policy seeks to support that aim.

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

List of Appendices:

- Appendix A – Pay Policy Statement 2018/19

LONDON BOROUGH OF BARKING AND DAGENHAM**PAY POLICY STATEMENT 2018/19****1. Introduction – Requirement for Council Pay Policy Statement**

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement to be agreed by Members before the beginning of each financial year. The Act does not apply to local authority schools. This document meets the requirements of the Act for the London Borough of Barking and Dagenham. This Pay Policy Statement presents the expected position at 1 April 2018.
- 1.2 The provisions of the “Act” require that councils are more open about their own local policies and how their local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold: responding to public demand, releasing data in open formats available for re-use, and, releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.

2. Organisational Context

- 2.1 The Council recognises that if it is to serve its communities well and deliver the agreed vision and objectives, it needs to be able to attract and retain talented people at all levels of the organisation. The Council continues to face very significant budget and demand challenges.
- 2.2 The Council continues to ensure that its Leadership Team is structured to deliver the outcomes of the Ambition 2020 programme and Growth Commission recommendations. This is reflected in this Pay Policy Statement. The number of senior posts has increased slightly, although this is subject to continual review as the Council continues with the implementation and embedding of its new service delivery blocks.

3. Pay and Reward Principles

- 3.1 The approach to pay and reward continues to be based on the following principles:
- Pay levels are affordable for the Council, at a time when it is making some very difficult decisions about spending on services to the community;
 - The Council can demonstrate fairness and equity in what it pays people at different levels and in different parts of the Council; and
 - Pay is set at levels which enable the Council to recruit and retain the quality of staff needed to help achieve its objectives at a time of financial hardship.
- 3.2 Pay levels are determined through “job evaluation”. For staff at PO6 and below, the Council generally uses the Greater London Provincial Council job evaluation

system. For posts at PO7 and above, the HAY job evaluation system is used. Pay point 49 (£45,666) 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.

- 3.3 Pay rates are generally set against the national pay spine agreed by the National Joint Council, although there are local pay points at the top of the LBBD pay scale. The Council has committed to pay no less than the “London Living Wage” to its own staff or agency workers working with the Council. A new rate of £10.20 per hour (from £9.75 per hour) was applicable with effect from 6 November 2017.

4. Defining “Chief Officers”

- 4.1 At the start of the 2018/19 financial year, the Council expects to have within its structure the following Chief Officer posts:

- Chief Executive (and Head of Paid Service)
- Strategic Director for Service Development and Integration (and Deputy Chief Executive) to be replaced by Director, People and Resilience in June 2018.
- Chief Operating Officer (and Section 151 Officer)
- Director, Law and Governance (and Monitoring Officer)
- Director, Policy and Participation
- Director, Inclusive Growth (out to advert)
- Transformation Director
- Finance Director
- Director of Public Health
- Operational Director, Community Solutions
- Operational Director, My Place
- Commercial Director
- Commissioning Director, Culture and Recreation
- Commissioning Director, Children’s Care and Support
- Commissioning Director, Adults’ Care and Support
- Commissioning Director, Education
- Operational Director, Enforcement
- Operational Director, Adults’ Care and Support
- Operational Director, Children’s Care and Support

5. Accountability for Chief Officers Pay

- 5.1 The pay arrangements for chief officers are overseen by the JNC Salaries and Conditions Panel, appointed by the Council’s Assembly.

6. Current Pay Policy and Base Pay Rates

6.1 Setting Salary Levels

- 6.1.1 Chief Officer roles are evaluated using the HAY job evaluation system. There is a commitment to review salary levels about every three years. In undertaking reviews, account is taken of the market, particularly the market in London, to

ensure the Council can compete successfully for the talent it needs to lead and manage in the current challenging environment.

- 6.1.2 The salary benchmarking information comes from the London Councils Chief Officers Salary Survey. The latest information held is from 2016. There were 32 responses to this survey among London Boroughs. The median rates of pay for roles in London, based on the information from the survey, were as follows:

Chief Executive	- £199,915
Executive, Strategic Director	- £139,110
Director	- £104,760
Assistant Director	- £92,226

- 6.1.3 The Council is contractually obliged to apply nationally agreed pay awards for Chief Officer grades.

6.2 Chief Executive

- 6.2.1 The salary for the Chief Executive, agreed at appointment in November 2014, was £165,000. This has increased by 1% in line with nationally negotiated pay awards in both April 2016 and April 2017.

6.3 Chief Officer Pay Range

- 6.3.1 The Chief Officer pay structure was last reviewed in 2013. The grades increased by 1% in line with nationally negotiated pay awards in April 2016 and April 2017. There are no proposals to review this pay range in 2018/19. The pay range from April 2018 is as follows:

CO1	£81,930
CO2	£93,399
CO3	£103,231
CO4	£110,846
CO5	£122,412
CO6	£134,406
CO7	£146,450

- 6.3.2 It is appropriate for there to be some differentiation in pay levels at Chief Officer level because of the differing amounts of risk and responsibility being carried at that level.

- 6.3.3 The table below sets out the salaries of the chief officer posts referred to in paragraph 4.1 above:

Position	Grade of Post	Salary cost to LBBD
Chief Executive (and Head of Paid Service)	Individual spot salary	£168,316
Strategic Director for Service Development and Service Integration *	Individual spot salary	£146,450
Chief Operating Officer	CO7	
Director of Public Health	Individual spot salary	£88,269
All other Directors & Operational and Commissioning Directors	CO2 – CO5	£93,398 - £122,412

* The Strategic Director for Service Development and Service Integration (and Deputy Chief Executive) is paid a salary in recognition of the level of risk and responsibility held as statutory Director of Children’s Services and Director of Adult Services and the additional responsibility of Deputy Chief Executive. This salary was benchmarked at £145,000 in 2016 (increased by 1% in line with nationally negotiated pay awards in April 2017).

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.

8. Pensions

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

9. Other Terms and Conditions

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

“Your terms and conditions of employment are as set out in the Joint Negotiating Committee for Chief Officers of Local Authorities handbook, as adopted by the Authority, unless otherwise indicated in this statement.

From time to time, variations in terms and conditions of employment will be negotiated and agreed at national or local level with the union or unions recognised by the Authority as representing your employment group. Where these are adopted by the Authority, they will, within a period of 28 days from the date of

the change, be separately notified to you or otherwise incorporated in the documents to which you have reference.”

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

10. Election Expenses

- 10.1 The fees paid to Council employees for undertaking election duties vary according to the type of election they participate in and the nature of the duties and responsibilities they undertake. All election fees paid are additional to Council salary and are subject to normal deductions of tax.
- 10.2 Returning Officer duties (and those of the Deputy Returning Officer) are contractual requirements but fees paid to them for national elections / referendums are paid in accordance with the appropriate Statutory Fees and Charges Order.

11. Termination / Severance Payments

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

12. Retirement

- 12.1 Employees who contribute to the Local Government Pension Scheme who elect to retire at age 60 or over or who are retired on redundancy or efficiency grounds over age 55 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.
- 12.2 The Council will consider applications for flexible retirement from employees aged 55 or over on their individual merits and in the light of service delivery needs.

13. Redundancy

- 13.1 Employees who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on their actual salary. The standard London Borough of Barking and Dagenham redundancy scheme applies to all officers. The scheme has redundancy multipliers which provide for a maximum of 30 week’s pay for staff whose continuous service date is after 1 January 2007 and a maximum of 45 week’s pay for staff with a continuous service date of prior to 1 January 2007. Both multipliers are based upon length of service.

14. Settlement Agreements

- 14.1 Where an employee leaves the Council’s service in circumstances which are, or would be likely to, give rise to an action seeking redress through the Courts from the Council about the nature of the employee’s departure from the Council’s

employment, the Council may settle such claims by way of a settlement agreement where it is in the Council's interests to do so. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Legal advice will be sought in all cases.

15. Fairness and Equality

Pay Ratios

- 15.1 It was agreed 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 local household incomes and reflects its commitment to pay fairness. The Council has also agreed that this should apply to all agency staff working on Council assignments. This minimum rate increased to £10.20 per hour (equivalent to an annual salary of £18,613) with effect from 6 November 2017.
- 15.2 Based on this figure, the Council's pay multiple - the ratio between the highest paid employee (the Chief Executive) and lowest paid employee - is 1:9.4 (1:9.5 in 2017/18).
- 15.3 The ratio between the Chief Executive's salary level and the median salary figure for all employees in the Council is 1:6.86. The median annual salary for all employees at 1 April 2017 was £24,510 per annum, with the average salary being £28,497. Both median and average salaries referenced are full time equivalent and are adjusted according to individual contractual arrangements.
- 15.4 Across London the average ratio between the highest and median salaries is 1 to 7, based on a Chief Executive's average of £181,500 (taken from London Councils 2016 Senior Staff Pay Data). The variance in Barking and Dagenham is attributable to the retention of in-house services such as catering and cleaning.

16. Any Additional Reward Arrangements

- 16.1 There are none in place.

ASSEMBLY**28 February 2018**

Title: Review of Council Governance Arrangements	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Alan Dawson, Democratic Services Manager	Contact Details: Tel: 020 8227 2348 E-mail: alan.dawson@lbbd.gov.uk
Accountable Strategic Director: Fiona Taylor, Director of Law and Governance (and Monitoring Officer)	
<p>Summary</p> <p>This report presents a series of proposals from the Member-led Transformation Task Group to revise the Council's current committee governance arrangements in response to the findings from the Local Government Association (LGA) Corporate Peer Challenge of the Council in 2014 and the recommendations of the independent Growth Commission which published its report in 2016.</p> <p>The main changes to current committee arrangements relate to:</p> <ul style="list-style-type: none"> • the creation of a single Overview and Scrutiny Committee, supported by Task and Finish Groups, to replace the existing structure of five themed Select Committees; • the creation of an Audit and Standards Committee, which combines the current responsibilities of the Standards Committee and the audit functions held by the Public Accounts and Audit Select Committee; • the renaming of the Development Control Board to the Planning Committee and a reduction in the membership from 19 to 10 Members, aimed at enabling more in-depth critical analysis of major development proposals; • the establishment of Policy Task Groups and the role of Member Champions under the remit of the Cabinet; and • reducing the term of Member appointments to the Pensions Committee from four years to two years. <p>The report also outlines plans by the Chief Executive to develop arrangements for improved public participation in Council meetings and work being led by the Director of Law and Governance to properly reflect the new service delivery models such as Be First and B&D Reside within the Council Constitution.</p>	

Recommendation(s)

The Assembly is recommended to:

- (i) Agree the new committee structure arrangements as detailed in section 2 of the report, as recommended by the Transformation Task Group, to take effect from the first meeting of the new Council following the Local Elections in May 2018;
- (ii) Note the establishment of Policy Task Groups and the formal creation of the role of Member Champions under the remit of the Cabinet;
- (iii) Authorise the Monitoring Officer, in consultation with the Leader of the Council, to make any further non-material changes to the new Articles;
- (iv) Note that amendments / additions to the Constitution to reflect the roles and responsibilities of Be First, B&D Reside and other Council-owned entities, as well as the internal governance arrangements relating to the Shareholder Panel and the Investment Panel as agreed by Cabinet, shall be implemented by the Monitoring Officer in accordance with the Constitution revision arrangements set out in paragraph 2.1, Part 7 of the Constitution;
- (v) Authorise the Chief Executive, in consultation with the Leader and the Cabinet Member for Community Leadership and Engagement, to develop arrangements for improved public participation in Council meetings for inclusion in the new Council Constitution;
- (vi) Agree the appointment of the Director of Policy and Partnerships as the Council's statutory Designated Scrutiny Officer; and
- (vii) Note that the new Council Constitution shall be presented for formal adoption at the Assembly on 23 May 2018.

Reason(s)

To implement the recommendations of the Transformation Task Group and assist the Council in meeting its priority of "a well-run organisation" through improved governance arrangements.

1. Introduction and Background

- 1.1 In July 2014, the Local Government Association (LGA) was invited to carry out a Corporate Peer Challenge of the Council, to assess the organisation's ability and capacity to deliver on its plans, proposals and ambitions. Following on from that, the Council commissioned an independent Growth Commission to review the Council's ambition to be London's growth opportunity, and to recommend how to maximise the contribution of the Borough and our people to the London economy.
- 1.2 A number of recommendations arose from those pieces of work which related to the Council's governance arrangements. These included:

- Reducing the cost of democracy in the context of the Council's Ambition 2020 transformation programme;
- The need for clearer Member and officer roles;
- Enabling Members to spend more time in their communities through a reduction in Council meetings;
- Aligning the Council's work programme with the Ambition 2020 transformation programme and Growth Commission recommendations.

1.3 To take that work forward a Cabinet Task Group, chaired by Councillor Haroon, was established in late 2015 to consider how Members' roles would change by 2020 through the creation of new Council service blocks and Council-owned companies, and in response to a reinvigorated growth agenda. The main priorities considered by the Task Group were:

- the findings of the LGA Peer Review in 2014;
- the need to align the new Council's new structures with Members' roles, including more involvement in developing Council policy;
- a more strategic focus on growth and development (i.e. planning matters).

1.4 The Task Group considered information including Member Role Profiles, benchmarked committee sizes across London and examined terms of reference for all committees, including attendance rates and outcomes (such as the number of reports produced). It also reflected on the evolving changes to the Council senior management structures and the internal governance arrangements, including the assurance and performance boards.

1.5 The Task Group made a number of recommendations for revising the Council's committee structure and wider governance arrangements, which included a streamlined overview and scrutiny structure and the establishment of Policy Task Groups which would enable non-Cabinet Members to have a greater involvement in strategic policy development and, at the same time, establish some succession planning for future Cabinet membership.

1.6 The decision was taken at that time to defer implementation of the recommendations until the 2018/19 municipal year, following the May 2018 Local Elections. This was primarily to enable the existing Select Committees to complete their work programmes, give time for the proposed new arrangements to be further developed and reviewed against best practice elsewhere and to ensure that all the arrangements would be fit for purpose within the context of the Council's emerging role as a commissioning body.

1.7 A new Transformation Task Group was established by the Leader in the summer of 2017 to consider and make recommendations on a number of aspects, one being to review the committee structure and wider governance proposals put forward by the earlier Task Group. The recommendations from that Transformation Task Group, which was also chaired by Councillor Haroon, form the basis of the proposals in this report.

2. Proposal and Issues

2.1 The proposals for the new Council following the May 2018 Local Elections are as follows:

2.2 The Assembly

- i) There will be five meetings each municipal year, as opposed to six under the current arrangements.
- ii) Combining the existing JNC Appointments and JNC Salaries & Conditions Panels and expanding the pools from which Cabinet and non-Cabinet Members are selected. This would give added flexibility in terms of potential appointees to sit on a Panel, although the total membership for each Panel meeting will continue to be up to four Cabinet Members, including the Leader who shall be Chair, and two non-Cabinet Members).

2.3 The Cabinet

- i) There shall be a new provision in the Constitution relating to the establishment of Policy Task Groups, appointed by the Leader in consultation with the Chief Executive, which builds on the successful arrangements that were put in place for a number of ad-hoc Task Groups since 2015, including those that reviewed the Council's governance arrangements. The role of the Policy Task Groups will be to:
 - Assist and advise the Leader and the Cabinet in the development of policy;
 - Consider reviews of any existing policies, strategies or plans of the Council;
 - Consider existing policies in the light of changes to legislation or national guidance;
 - Consider proposals for new Council policy;
 - Provide advice on policy direction.
 - Provide succession planning for Members aspiring to become future Cabinet Members
- ii) A new role of Member Champion will be created. Up to five Champions will be appointed to support the work of the Cabinet and promote and raise the profile for the cause for which they are a champion.

2.4 Overview and Scrutiny Committee

- i) A single Overview and Scrutiny Committee (O&SC) consisting of 10 Members, to replace the existing structure of five themed Select Committees. This would reflect the move away from the Council's departmental structure upon which the existing scrutiny structure was based when it was created in 2009 and give greater focus to the Council's role as a commissioning authority.
- ii) The O&SC will meet approximately every four weeks (except during the summer recess period).
- iii) The O&SC would have a programmed, thematic approach to each meeting, covering the Committee's statutory responsibilities in respect of crime and disorder, education and flood risk, as well as current and emerging issues affecting the Council and the local community.

- iv) Task & Finish Groups would carry out in-depth scrutiny and report back to the O&SC.
- v) A Sub-Committee would convene as necessary to consider valid Call-Ins of Cabinet key decisions and petitions from the local community.
- vi) The current Joint Overview and Health Scrutiny Committee (JHOSC) arrangements reflect earlier configurations of NHS services and historic patterns of patient flows. As new arrangements that stem from the Sustainable Transformation Plan (STP) planning footprint and the health economies within them (in our case Barking, Havering and Redbridge [BHR]) are embedded it may well be appropriate to develop different arrangements reflecting our ambition to integrate health and social care services and scrutiny arrangements into one over-arching JHOSC. If this cannot be resolved before May and given the scale of NHS transformational change and service changes affecting our residents, it will be necessary to have a separate Health Scrutiny panel.
- vii) The Chair of the O&SC will present an annual report to the Assembly.
- viii) The Director of Law and Governance shall be the lead support officer to the O&SC and the Director of Policy and Participation shall be the Council's Designated Scrutiny Officer, which reinforces the crucial role of effective scrutiny within the Council.

2.5 Audit and Standards Committee

- i) The audit responsibilities previously dealt with by the Public Accounts and Audit Select Committee will transfer into a combined Audit and Standards Committee (A&SC).
- ii) The A&SC will have a membership of eight Councillors and shall meet on a quarterly basis, with additional meetings arranged as necessary to fulfil the Council's statutory audit functions.

2.6 Planning Committee

- i) The current Development Control Board will be renamed the Planning Committee, to better reflect its role and purpose.
- ii) The Planning Committee will have a reduced membership of 10 Councillors, enabling it to give more in-depth critical analysis to the major development proposals for the Borough.

2.7 Pensions Committee

- i) The current Pensions Board will be renamed the Pensions Committee.
- ii) The current arrangement whereby the Cabinet Member for Finance, Growth and Investment is automatically appointed as Chair shall cease and the appointment of a remunerated Chair and Deputy Chair shall be decided at the Annual Assembly meeting.

- iii) The membership was previously appointed for a four-year term which, at the time, was considered appropriate in view of the extensive knowledge base that the Members needed to properly fulfil the Council's duty as administrator of the Pension Fund. Although that knowledge base is still required, it is felt appropriate to reduce the term of office to two years to give Councillors more flexibility with the committees that they wish to gain experience on.

2.8 Licensing and Regulatory Committee

- i) The current Licensing and Regulatory Board will be renamed Licensing and Regulatory Committee.

2.9 Employee Joint Consultative Committee

- i) The responsibilities of the Employee Joint Health, Safety and Wellbeing Committee will be absorbed into the Employee Joint Consultative Committee (EJCC) to avoid duplication of work.
- ii) Meetings of the EJCC will be convened as and when necessary in response to formal requests from either the Unions or the Council in line with agreed resolution procedures.

2.10 The arrangements for the Ceremonial Council, Health and Wellbeing Board and Personnel Board remain unchanged, although the arrangements for the Personnel Board shall be reviewed during 2019.

2.11 Attached at Appendix 1 to 6 are the revised committee Articles, including the detailed terms of reference, for the committees that are subject to material changes. The changes to those documents are shown in revision mode, with the exception of the Articles for the Overview and Scrutiny Committee and the Audit and Standards Committee which are presented as 'clean' documents due to the need to merge information from different sources.

2.12 The Chief Executive has also given a commitment to developing arrangements for improved public participation in Council meetings, for inclusion in the new Council Constitution. The Chief Executive shall develop the proposals over the coming months in consultation with the Leader and the Cabinet Member for Community Leadership and Engagement and present the proposals to the Assembly in May 2018.

2.13 Other ongoing work concerning the Council Constitution is the relationship, roles and responsibilities of the new service delivery models such as Be First, B&D Reside and other trading companies which are 100% owned by the Council. Although the Cabinet has agreed the creation of these entities and the arrangements for them to legally conduct business, the Constitution is largely silent on these aspects and the Council's role as shareholder. The Director of Law and Governance is, therefore, leading on a review to establish appropriate governance arrangements around these entities which would then be reflected in the Constitution.

3. Options Appraisal

- 3.1 A range of options were considered by the 2015 and 2017 Task Groups in the development of the above proposals.
- 3.2 The move away from the Select Committee structure to a single O&SC supported by Task and Finish Groups is the most significant change to the existing arrangements. With that in mind, an undertaking has been given to review the new arrangements after the first full year of operation to assess whether they are fit for purpose and meeting Members' expectations.

4. Consultation

- 4.1 The draft proposals have been discussed at senior management level and by Members.

5. Financial Implications

Implications completed by: Katherine Heffernan, Group Manager for Service Finance

- 5.1 The proposals in this report would achieve a small saving of between £4,700 and £9,400 for the Members' Allowances budget for 2018/19.
- 5.2 The Chief Executive has indicated, however, that he wishes to undertake a review of the Members' Allowances Scheme in advance of it being set for 2018/19. That review shall take account of factors such as the increased role and responsibilities of the Chair of the new Overview and Scrutiny Committee and the freeze on Members' basic and special responsibility allowances for the past nine years.

6. Legal Implications

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

- 6.1 All of the Council's statutory functions will continue to be fulfilled under the proposed new arrangements.
- 6.2 The Local Government Act 2000 requires Councils to produce, maintain and review the Constitution document as part of their good governance arrangements. The Constitution must contain the Council's Code of Conduct, as required by the Localism Act, together with standing orders, any other information as the Secretary of State may direct and such other information as the Council considers necessary.
- 6.3 It is a legal requirement that the Council ensures that copies of its constitution are available at its principal office for inspection by members of the public at all reasonable hours. Finally, the Council must supply a copy of its Constitution to any person who requests a copy and who pays to the authority such reasonable fee as the Council may determine.

7. Other Implications

- 7.1 **Risk Management** – In addition to the specific commitment to review the new O&SC arrangements after the first year, officers will continually monitor the impact and effectiveness of all the new arrangements and bring appropriate reports to the Assembly in the event that changes are required.
- 7.2 **Contractual Issues** – There are no specific implications.
- 7.3 **Staffing Issues** – There are no immediate staffing implications arising from the changes proposed in this report.
- 7.4 **Corporate Policy and Customer Impact** – The proposals in this report will have no direct impact on the local community, although the Chief Executive shall be developing plans, in consultation with the Leader and the Cabinet Member for Community Leadership and Engagement, for improved public participation in Council meetings which will be the subject of a report in due course.
- 7.5 **Safeguarding Children** - There are no specific implications.
- 7.6 **Health Issues** - There are no specific implications.
- 7.7 **Crime and Disorder Issues** - There are no specific implications.
- 7.8 **Property / Asset Issues** - There are no specific implications.

Public Background Papers Used in the Preparation of the Report:

- Growth Commission’s report “No-one left behind: in pursuit of growth for the benefit of everyone” (<https://www.lbbd.gov.uk/business/growing-the-borough/our-strategy-for-growth/overview-2/>)

List of appendices:

- Appendix 1: Articles – Assembly
- Appendix 2: Articles – Cabinet
- Appendix 3: Articles – Overview & Scrutiny Committee
- Appendix 4: Articles – Planning Committee
- Appendix 5: Articles – Pensions Committee
- Appendix 6: Articles – Audit and Standards Committee

Part 2 – The Articles

Chapter 4 – The Assembly

1. Status and Membership

- 1.1 The Assembly is a meeting of the full Council and comprises the 51 directly elected Councillors meeting as a body (or as many of those Councillors who are in office at the time concerned).

2. Responsibility for Functions

- 2.1 The Assembly has responsibility for the following functions:
- (i) Approving and amending the Constitution and its component parts, except in so far as this function has been delegated to the Monitoring Officer.
 - (ii) Approving which plans and strategies shall form the Council's Policy Framework, requesting the Cabinet to prepare a draft (or draft amended) plan or strategy, and approving (or approving amendments to) the plans and strategies contained within the Policy Framework. The Assembly has resolved that the following plans and strategies shall comprise the Policy Framework (**Note:** (a) to (f) are required by law):
 - (a) Crime and Disorder Reduction Strategy;
 - (b) Local Implementation Plan (Transport);
 - (c) Statement of Licensing Policy;
 - (d) Local Plan;
 - (e) Community Strategy;
 - (f) Youth Justice Plan;
 - (g) Corporate Plan;
 - (h) Housing Strategy;
 - (i) Any Plan or Strategy that must be approved by the Authority and submitted to the Secretary of State or a Minister of the Crown for approval.
 - (iii) Approving the Budget, including the level of Council Tax, Revenue Budget and Capital Programme.
 - (iv) Approving the Treasury Policy Statement, Annual Strategy Statement and the Annual Report as well as any related Treasury documents.
 - (v) Approving any application to the Secretary of State in respect of any Housing Land Transfer.
 - (vi) Subject to any urgency procedures, making decisions about the discharge of an executive function where the decision maker is minded to make it in a manner which would be contrary to the Policy Framework or contrary to or not wholly in accordance with the Budget.

- (vii) Appointing and removing the Leader of the Council, subject to the relevant procedures.
- (viii) Agreeing and/or amending the overall political structure of meetings, the terms of reference of committees, their composition and making appointments to them, unless the appointment is an executive function or has been delegated by the Assembly.
- (ix) Making appointments to outside bodies, unless the appointment is an executive function or has been delegated by the Assembly.
- (x) Adopting a Members' Allowances Scheme in accordance with the Local Authorities' (Members' Allowances) (England) Regulations 2003.
- (xi) Appointing the following sub-committees of the Assembly:

JNC Appointments, Salaries and Structures Panel - consisting of the Leader (who shall be Chair), up to three Cabinet Members (nominated by the Leader) and two non-Cabinet councillors (selected by the Chief Executive from a pool of six non-Cabinet councillors appointed by the Assembly), to:

- (a) shortlist and interview candidates for the position of Chief Executive (Head of Paid Service) and Strategic Leadership Directors and make recommendations to the Assembly in respect of the appointment;
- (b) make decisions in respect of acting/interim appointments to the positions of Chief Executive and Strategic Leadership Directors, as well as the permanent / acting / interim appointment and/or assimilation of all other JNC Officers.
- (c) make decisions in respect of the salaries and conditions of all JNC officers (including the Chief Executive);
- (d) make decisions in respect of the grading of any new JNC posts in line with Council policy; and
- (e) make decisions in respect of senior management (JNC) structures / reorganisations.

JNC Disciplinary Panel - consisting of the Leader (who shall be Chair), up to three Cabinet Members (nominated by the Leader) and two non-Cabinet councillors (selected by the Chief Executive from a pool of six non-Cabinet councillors appointed by the Assembly), to:

- (a) make decisions in respect of the suspension of the Chief Executive in accordance with paragraph 5, Chapter 3, Part 4 of the Constitution for the purposes of investigating alleged misconduct;
- (b) make decisions in respect of disciplinary action, including dismissal, in respect of all JNC Officers with the exception of the Head of Paid Service, Monitoring Officer and Chief Financial Officer;
- (c) make decisions in respect of disciplinary action, excluding dismissal, in respect of the Head of Paid Service, Monitoring Officer and Chief Financial Officer; and

- (d) make recommendations to the Assembly in relation to the dismissal of the Head of Paid Service, Monitoring Officer and Chief Financial Officer, subject to the provision below.

In respect of (d) above, the membership of the JNC Disciplinary Panel shall be extended to include at least two Independent Persons appointed by the Council under the Localism Act 2011, with priority to an Independent Person(s) appointed by the Council who is a local elector, followed by an Independent Person(s) appointed by the Council who is not a local elector and finally an Independent Person(s) appointed by another authority.

JNC Appeals Panel - consisting of at least two Members of the Cabinet, one of whom shall be appointed as Chair, and two non-Cabinet councillors (selected by the Chief Executive, in consultation with the Leader, from a pool of four non-Cabinet councillors appointed by the Assembly), subject to none having participated in any previously appointed Panel relating to the case in question, to:

- (a) consider appeals in respect of dismissal, redundancy, disciplinary action and grievances from JNC Officers; and
 - (b) consider, with the involvement of a separate independent person, appeals in respect of disciplinary action and grievances against the Chief Executive (Head of Paid Service), Monitoring Officer and Chief Financial Officer.
- (xii) Submitting proposals to the Secretary of State under the Representation of the People Act 2000.
 - (xiii) Making, amending, revoking, re-enacting or adopting byelaws, or promoting or opposing the making of local legislation or personal Bills.
 - (xiv) Changing the name of the area.
 - (xv) Receiving reports and recommendations from the Council's External Auditors, the Ombudsman and Government or other Inspectorates relating to Council-wide issues and determining matters where required.
 - (xvi) Making decisions in respect of any change to the electoral arrangements for the Authority.
 - (xvii) Exercising any function under a local Act specified or referred to in Regulation 2 or Schedule 1 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.
 - (xviii) Approving the annual Pay Policy of the Council.
 - (xix) All other matters which, by law, must be reserved to the Assembly.
 - (xx) Such other functions which the Assembly may lawfully decide to reserve to itself.

3. Responsibility and delegation of functions

3.1 The Assembly may arrange for the discharge of any of its functions by a

Committee of the Council, a Sub-Committee of the Council or by an officer, with the exception of those functions reserved to the Assembly by statute. Similarly, a Committee may delegate any of its functions to a Sub-Committee or an officer, and a Sub-Committee may delegate any of its functions to an officer.

4. Types of Assembly Meeting

4.1 There may be three types of Assembly meeting:

- (a) Annual Meeting
- (b) Ordinary meeting
- (c) Extraordinary meeting

5. Business at Annual Meetings

5.1 In a year when there is an ordinary election of Councillors, the Annual Meeting shall take place within 21 days of the retirement of the outgoing Councillors. In any other year, the Annual Meeting shall take place in May.

5.2 The Annual Meeting will:

- a) elect the Chair and Deputy Chair of the Assembly;
- b) receive any apologies for absence;
- c) receive any declarations of interest;
- d) approve the minutes of the last meeting;
- e) elect the Leader to serve for a four-year term or until the next annual meeting after ordinary whole Council elections;
- f) decide which Member-level bodies to establish for the municipal year;
- g) decide the size and terms of reference of those bodies;
- h) decide the allocation of seats to political groups in accordance with the political balance rules;
- i) receive nominations of councillors to serve on those council bodies and outside bodies;
- j) appoint to those council bodies and outside bodies except where appointment to those council bodies has been delegated by the Assembly or is exercisable only by the Cabinet;
- k) appoint such Chairs and Deputy Chairs of Committees as it falls to Assembly to appoint;
- l) receive the minutes of meetings of JNC committees, sub-committees and panels;
- m) receive the Leader's Statement;
- n) approve the annual Members' Allowances Scheme;
- o) consider Motions and/or Questions With Notice, as submitted in line

with the procedures for the meeting;

- p) consider any other business set out in the notice convening the meeting;
- q) consider urgent business with the permission of the Chair.

Note: Rule (e) above will apply only at the Annual Meeting following Local Elections, or following the removal, death or resignation of the Leader.

6. Business at Ordinary Meetings

6.1 Business at ordinary meetings will be to:

- (a) appoint a person to preside if neither the Chair nor the Deputy Chair is present or able to act;
- (b) receive any apologies for absence;
- (c) receive any declarations of interest;
- (d) approve as a correct record the minutes of the last meeting;
- (e) receive the minutes of meetings of JNC committees, sub-committees and panels;
- (f) receive the Leader's Statement;
- (g) make any appointments that fall to be made to Committees, outside bodies, statutory and other panels;
- (h) consider Motions and/or Questions submitted in line with the procedures for the meeting;
- (i) consider any other business set out in the notice convening the meeting;
- (j) consider urgent business with the permission of the Chair.

7. Extraordinary Meetings

Calling extraordinary meetings

7.1 Those listed below may require the Chief Executive to call an extraordinary Assembly meeting:

- (a) The Assembly by resolution;
- (b) The Chair of the Assembly;
- (c) A Statutory Officer of the Authority to consider such matters that fall under their statutory responsibilities;
- (d) Any five Councillors provided they have together signed a requisition specifying the business to be considered at the meeting and presented the requisition to the Chair and he/she has refused to call a meeting or has failed within seven days of the presentation of the requisition to call a meeting.

- 7.2 Upon receipt of such requirement, the Chief Executive shall, subject to the conditions in (d) above, arrange a meeting of the Assembly to be held within 20 working days of receipt by her/him of the request.

Business

- 7.3 Business at extraordinary meetings of the Assembly shall be restricted to the following:
- (a) appoint a Member to preside at the meeting if neither the Chair nor the Deputy Chair is present or able to preside;
 - (b) receive apologies for absence;
 - (c) receive any declarations of interest from Members and officers;
 - (d) consider any business set out in the notice convening the meeting;
 - (e) consider urgent business with the permission of the Chair.

8. Election of the Leader of the Council

- 8.1 The Monitoring Officer (MO) will invite nominations from the floor for the position of the Leader of the Council. Nominations will be permitted only from constituted political groups having ten or more Councillors at the time of the meeting.
- 8.2 The MO will record and read out in alphabetical order the names of the persons nominated and the political group they represent.
- 8.3 The MO will conduct the vote for the election of the Leader of the Council in accordance with the following procedure:
- (i) Each Councillor present at the time will have one vote.
 - (ii) The vote will be taken by way of a roll call and recorded in the Minutes.
 - (iii) The MO will call out the name of each nominated person in alphabetical order and invite Councillors to vote according to their preference; alternatively they may, if they wish, abstain.
 - (iv) At the conclusion of the vote the MO will announce the number of votes cast for each nominated person. If any one nominated person receives an overall majority of the votes cast (abstentions will not be counted), he/she will be declared the winner and be elected as the Leader of the Council.
 - (v) If no one nominated person receives an overall majority of the votes cast, then the nominated person receiving the least number of votes will be eliminated.
 - (vi) The MO will then invite further round(s) of voting as necessary in accordance with the procedures set out in (i) to (iii) above until one nominated person receives an overall majority, for which any abstentions will not be counted.
 - (vii) Any Councillor not present at the start of the first vote will not be

entitled to a vote at a later round even if they have joined the meeting by that stage.

- 8.4 Paragraphs 8.2 and 8.3 will be waived if only one nomination is made. Voting will then be by a show of hands.

9. Members' Questions

Questions without notice

- 9.1 Any Member may ask the Leader, a Cabinet Member or the Chair of a Committee any question without notice upon an item of report or recommendation of the Cabinet or Committee concerned, immediately following the presentation of that matter.

Questions With Notice

- 9.2 Written notice of any questions relating to matters not on the agenda must be received by the Chief Executive by no later than 5.00pm on the Wednesday of the week before the Assembly meeting. A Councillor may submit a maximum of two questions, either directly him/herself or via the Group Secretary.
- 9.3 The Chief Executive may reject a written question if, in his/her opinion:
- (a) it is of a vexatious or derogatory nature or otherwise considered improper or inappropriate;
 - (b) is contrary to any provision of any code, protocol, legal requirement or rule of the Council;
 - (c) it does not relate to the business of the Council;
 - (d) it is substantially the same as another written question previously submitted under this process and considered at the Assembly within the previous twelve months.
- 9.4 Where the Chief Executive rejects a written question on any of the above grounds, he/she shall inform the Chair and the Councillor who submitted the question as soon as possible. Prior to determining whether to accept or reject a question, the Chief Executive may seek clarification or propose alternative wording to the Councillor who submitted the question.
- 9.5 Wherever possible, answers will be given at the meeting by the appropriate Councillor (usually the relevant Cabinet Member or Leader). In the event that it is not possible to do so, a written response will be sent to all Councillors as soon as possible.
- 9.6 In the event that the Councillor who submitted the question is not present at the Assembly meeting, the question will be withdrawn.
- 9.7 Any questions withdrawn as indicated above, or withdrawn at the request of the Councillor who submitted the question, either before or during the meeting, may not be resubmitted to the Assembly within a period of six months. This condition will be waived where the Councillor, or a colleague on their behalf, has notified the Chief Executive by 5.00pm on the day of the meeting of their inability to attend due to their ill health or other reason accepted by the Chief

Executive.

- 9.8 Where a Councillor wishes to exercise the right under Section 71(5) of the Local Government and Housing Act 1989 to ask a question of Councillors or officers involved (as Member, Director or Council's representative) in connection with Local Authorities' Interest in Companies, he/she should give notice in writing to the Chief Executive at least seven clear working days before the Assembly meeting at which this matter is to be submitted to enable a response to be given at the meeting.
- 9.9 After the initial answer, the Councillor who submitted the question may ask one supplementary question arising directly out of the initial question or answer, without notice, and the person who answered the initial question shall respond to the supplementary question wherever possible. There shall be no further debate on the issue.
- 9.10 Any questions which are not dealt with by the close of the meeting will be responded to in writing by the appropriate Councillor before the next meeting.

10. Motions With Notice

- 10.1 Written notice of any motions must be received by the Chief Executive by no later than 4.00pm on the Wednesday two weeks before the meeting, except in respect of a vote of no confidence in the Leader of the Council for which the process in paragraph 13 applies.
- 10.2 A notice of motion must relate to a matter which affects the Council or its area and must relate to a matter in respect of which the Council has a relevant function. There is no limit on the number of motions that a Councillor may submit but the notice of motion must be submitted either by the Councillor who is proposing the motion or via the Group Secretary.
- 10.3 A notice of motion may be in more than one part and contain more than one recommendation, but must all relate to the same subject matter.
- 10.4 The Chief Executive may reject a notice of motion if, in his/her opinion:
- (a) it is of a vexatious or derogatory nature or otherwise considered improper or inappropriate;
 - (b) is contrary to any provision of any code, protocol, legal requirement or rule of the Council;
 - (c) it does not relate to the business of the Council;
 - (d) is substantially the same as another motion already considered at the Assembly within the previous twelve months.
- 10.5 Where the Chief Executive rejects a notice of motion on any of the above grounds, he/she shall inform the Chair and the Councillor who submitted the notice of motion as soon as possible. Prior to determining whether to accept or reject a motion, the Chief Executive may seek clarification or propose alternative wording to the Councillor who submitted the motion.
- 10.6 In the event that the Councillor who is proposing the motion is not present at the Assembly meeting, the motion will be withdrawn.

- 10.7 Any motions withdrawn as indicated above, or withdrawn at the request of the Councillor who proposed the motion, either before or during the meeting, may not be resubmitted to the Assembly within a period of six months. This condition will be waived where the Councillor, or a colleague on their behalf, has notified the Chief Executive by 5.00 pm on the day of the meeting of their inability to attend due to their ill health or other reason accepted by the Chief Executive.
- 10.8 Motions will be listed on the agenda in the order in which they are received, save that:
- (a) where two or more notices of motion are received from a particular Councillor for the same meeting, that Councillor's second notice of motion shall be included after all other Councillors' first notices of motion, that Councillor's third notice of motion shall be included after all other Councillors' second notices of motion, and so on.
 - (b) where the Chief Executive considers that the notice of motion, statement or consideration of the notice of motion is likely to result in the disclosure of confidential or exempt information, in which case he/she may group such notices of motion together with other items of business which are, in his/her opinion, likely to involve the exclusion of press and public during their consideration.
- 10.9 Written notice of any amendments to motions must be received by the Chief Executive by no later than 12 noon on the Friday before the meeting. The same criteria and actions as described in paragraphs 10.2 - 10.8 will apply in relation to any amendments received.
- 10.10 Any amendments proposed after the time specified in paragraph 10.9 will only be considered for exceptional reasons such as a change in circumstances appertaining to the original motion, in which case the consent of the Chair will be required.
- 10.11 The Assembly shall not debate any motion which could give rise to a significant change to the income or expenditure of the Council or to contract terms unless, in the opinion of the Chief Executive acting on advice from the Chief Financial Officer and Director of Law and Governance as appropriate, the motion is accompanied by a report from the Chief Financial Officer or the Director of Law and Governance, as appropriate, setting out the financial or legal effect of the motion.
- 10.12 Where a motion which would require an accompanying report under Rule 10.11 falls to be moved without such accompanying report being made available to all Councillors, the motion shall stand adjourned without debate to the next available meeting of the Assembly.
- 10.13 Subject to Rule 10.14, if there are other motions or recommendations on the agenda that have not been dealt with by the close of the meeting, they are deemed formally moved and seconded and shall be put to the vote by the Chair without debate.
- 10.14 Where a notice of motion submitted under Rule 10 falls to be dealt with under Rule 10.13, the Councillor giving the notice may either:

- (a) speak to the motion for not more than three minutes before the motion is put by the Chair without debate; or
- (b) require that the motion is deferred to the next available meeting.

11. Motion to rescind a previous decision

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

12. Rules of Debate

12.1 The following order / rules of debate shall apply:

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

13. Motion to remove the Leader of the Council from office

13.1 The Leader may be removed from office by resolution of the Assembly following notice of a motion signed by at least half of the full membership of the

Council. Any such motion must be delivered to the Chief Executive in writing at least 10 working days before the meeting, giving reasons.

- 13.2 The motion will be listed first on the agenda. No amendments to a motion calling for the removal of the Leader of the Council will be allowed.
- 13.3 In order to carry the motion, at least two-thirds overall majority of those Councillors present at the meeting will be required.
- 13.4 If the Assembly passes such a resolution, a new Leader is to be elected either:
 - (a) at the meeting at which the Leader is removed from office; or
 - (b) at a subsequent meeting.
- 13.5 In the event that the Leader no longer holds office, the Deputy Leader will carry out the role and duties of the Leader until the new Leader is elected by the Assembly.

14. Closure motions

- 14.1 A Councillor may move, without comment, any one of the following motions at the end of a speech of another Councillor:
 - (a) to proceed to the next business;
 - (b) that the question / motion be now put;
 - (c) to adjourn a debate;
 - (d) to adjourn a meeting.
- 14.2 If a motion to proceed to next business is seconded the Chair will put this to the vote without further discussion on the original motion. If the procedural motion is carried the meeting will proceed to the next item of business.
- 14.3 If a motion that the matter be now put is seconded, the Chair will put the procedural motion to the vote. If the procedural motion is passed the Chair will put the original motion to the vote.
- 14.4 If a motion to adjourn the debate or to adjourn the meeting is seconded and the Chair considers that the item has not been sufficiently discussed and cannot reasonably be so discussed on that occasion, he/she will put the procedural motion to the vote without further debate.

15. Appointment of Councillors to Committees

Allocation of seats to Political Groups

- 15.1 Whenever the Council is required to undertake a review of the allocation of seats to political groups, the Chief Executive shall conduct such review and report to the next appropriate meeting of the Assembly setting out the number of seats on each Committee and outside body which are allocated to each political group, in line with political proportionality requirements, and the number of seats which remain unallocated, in accordance with the requirements of the Local Government and Housing Act 1989. The Chief Executive shall send a copy of the report to the Group Secretary of each

political group and to any Councillors who are not members of any political group.

- 15.2 Following receipt of such report, each Group Secretary shall make nomination of Councillors for appointment to those seats on each Committee which are allocated to his/her political group. Such nomination may be made in writing to the Chief Executive in advance of the meeting or may be made verbally at the meeting at which such appointments are to be made.

Appointments

- 15.3 At the meeting of the Assembly where an item of business relating to the appointment of Committees is included on the agenda, the Assembly shall appoint Councillors to each Committee in accordance with the nominations made by each Group Leader.
- 15.4 The Assembly will then appoint Councillors to those seats on Committees which have not been allocated to any political group from amongst those Councillors who are not members of any political group.
- 15.5 A Group Secretary may, at any time, notify the Chief Executive in writing that a named Councillor has been removed from a seat on a particular Committee or outside body which has been allocated to his/her political group. The appointment of another Councillor to fill the vacant seat shall be dealt with at the next appropriate meeting of the Assembly.

Appointment of Co-opted Members of Committees

- 15.6 Where the Assembly determines that a committee or sub-committee shall include one or more co-opted Member, it shall also specify whether such Member shall be a voting or a non-voting Member, the dates and term of office of any such appointment and the procedure for selection of such co-opted Member(s), which may include advertisement and competition or invitation for nomination from specified bodies.
- 15.7 Co-opted Membership of any committee shall not be subject to proportionality.
- 15.8 The Assembly shall have the power to remove such co-opted Members from a committee or sub-committee by simple majority.

Part 2 – The Articles

Chapter 6 – The Cabinet

1. Role and Legal Status

- 1.1 The Cabinet is a committee established under Section 11 of the Local Government Act 2000, as amended by the Public Involvement in Health Act 2007. The political balance requirements of Section 15 of the Local Government and Housing Act 1989 do not apply when determining membership.
- 1.2 The legislation allows for executive functions to be discharged by:
- (a) The Leader;
 - (b) The Cabinet as a body;
 - (c) A Committee of the Cabinet;
 - (d) An individual Member of the Cabinet;
 - (e) An Officer;
 - (f) Joint arrangements, partnership boards and other such bodies;
 - (g) Another local authority;
 - (h) Area Committees.
- 1.3 Under the Council’s strengthened Leader model of executive governance, all executive decisions are taken by the collective Cabinet or delegated to other committees of the Council or to officers.
- 1.4 The Cabinet will carry out all of the Council’s functions which are not the responsibility of any other part of the Authority, whether by law or under the Constitution.
- 1.5 All executive functions not expressed to be within the remit of the Cabinet or another committee shall be deemed to be delegated to officers.

2. Responsibility for Functions

- 2.1 The Cabinet has responsibility for the following functions:
- (i) All “key decisions” and other major issues affecting the Council, particularly strategic, financial, policy related and corporate management matters, within the overall policy framework set by the Assembly.
 - (ii) Setting the Council Tax Base.
 - (iii) Setting rents in respect of Council dwellings and related properties.
 - (iv) Assessing and determining charges and fees.
 - (v) Making policy regarding all employees in respect of pay and conditions of service and disciplinary matters, subject to the provisions of the

respective National Conditions of Service and any appropriate legislation.

- (vi) Making Compulsory Purchase Orders (CPOs) and confirming unopposed CPOs.
- (vii) Considering recommendations from other Member meetings, on issues which are the Cabinet's responsibility.
- (viii) Determining the scope and programme and agreeing the outcomes of all Best Value Reviews.
- (ix) Making appointments to any committees, sub-committees, joint committees and other bodies within the remit of the Cabinet.
- (x) Resolving and determining, on advice from the Chief Executive, any disputes of Chief Officers in respect of any delegated authority.
- (xi) Naming of buildings and roads for which the Council is responsible, except for those delegated to the Chief Executive by Minute 62, 29 September 2009.
- (xii) Receiving reports on corporate performance monitoring information.
- (xiii) Approving procurements and awarding of contracts in accordance with the Contract Rules set out in this Constitution.
- (xiv) Approving financial matters in accordance with the Financial Rules set out in this Constitution.
- (xv) Approving land matters in accordance with the Land Acquisition and Disposal Rules set out in this Constitution.
- (xvi) Reviewing corporate policies and strategies as appropriate.
- (xvii) Appointing the Discretionary Business Rate Relief Appeal Panel which shall consist of three Cabinet Members, one of whom shall be the Cabinet Member with portfolio responsibility for finance, to determine appeals against decisions in respect of applications for Discretionary Business Rate Relief.

3. Form and composition of the Cabinet

- 3.1 The Leader will appoint the Cabinet Members (at least one of whom shall be his/her deputy) and the Cabinet will total between 3 and 10 Councillors, including the Leader and Deputy Leader(s).
- 3.2 Cabinet Members may not hold the office of Mayor or be members of the Overview and Scrutiny Committee.
- 3.3 The quorum shall be three Members.

4. Leader

- 4.1 The Leader shall be elected at the Annual Meeting of the Assembly following the four-yearly whole Council elections. The Leader will be elected for the full four-year term subject to the following provisions:

- (a) He/she resigns from the office;
- (b) He/she is suspended from being a Councillor under Part III of the Local Government Act 2000 (although he/she may resume office at the end of the period of suspension); or
- (c) He/she is no longer a Councillor, except where the Leader fails to be returned as a Councillor following an election. Unless the Leader resigns, is disqualified or is otherwise removed from office he/she shall continue as Leader until the day of the Annual Meeting of the Assembly following the election; or until
- (d) He/she is removed from office by a resolution of the Assembly on a notice of motion of no confidence in accordance with the provisions set out Part 2, Chapter 4 of this Constitution

5. Leader(s) and Other Cabinet Members

- 5.1 The Leader shall appoint his/her Cabinet Members, at least one of whom shall also be appointed as Deputy Leader, by notifying the Chief Executive in writing of such appointment. Only Councillors may be appointed to the Cabinet. Cabinet members appointed by the Leader shall hold office until the next whole Council elections unless:
- (a) They resign from office;
 - (b) They are suspended from being a Councillor under Part III of the Local Government Act 2000 (although they may resume office at the end of the period of suspension);
 - (c) They are no longer a Councillor; or
 - (d) They are removed from office by the Leader, by notification of removal made in writing by the Leader to the Chief Executive and to the Cabinet Member concerned. The removal will take effect immediately after receipt of the notice by the Chief Executive.
- 5.2 The Leader shall assign portfolios in defined areas of Council activity to the individual members of the Cabinet.
- 5.3 If for any reason the Leader is unable to act or the office of the Leader is vacant the Deputy Leader must act in his place.
- 5.4 If for any reason the Leader is unable to act or the office of the Leader is vacant and the Deputy Leader is unable to act or the office of the Deputy Leader is vacant, the Cabinet must act in the Leader's place or must arrange for a member of the Cabinet to act in his/her place.
- 5.5 In the event that the Leader appoints two or more Cabinet Members to the position of Deputy Leader, the Leader shall provide the Chief Executive with details of which Deputy Leader shall be nominated to act on his/her behalf in any given situation stipulated in this Constitution.
- 5.6 In the event that it is unclear which Deputy Leader has been nominated to act on the Leader's behalf in any given situation and it is not possible to seek

clarification from the Leader, the Chief Executive shall nominate the Deputy Leader to act.

- 5.7 In the event that the 'nominated' Deputy Leader is unable to act on behalf of the Leader, the other shall automatically assume that responsibility.

6. Vacancies in the Cabinet

- 6.1 If at any time a Councillor ceases to be a Member of the Cabinet, the portfolio responsibilities of that Member shall be carried out by the Cabinet collectively in so far as permitted by law until such time as the Leader shall have appointed a replacement or, where appropriate, re-appointed the Member concerned.

- 6.2 In the event of there being no Leader, Deputy Leader or Cabinet Members, executive functions shall in the interim be carried out by the Chief Executive in so far as is permitted by law.

7. Removal from Office of the Leader

- 7.1 The Leader may only be removed from office by resolution of the Assembly in accordance with the provisions set out in section 13 of Part 2, Chapter 4 of this Constitution.

8. Policy Task Groups

- 8.1 The Leader in consultation with the Chief Executive will appoint Policy Task Groups to examine policies and make recommendations to the Cabinet.

- 8.2 The Policy Task Group will be made up of a minimum of 6 and no more than 10 non-executive Members.

- 8.3 Policy Task Groups are advisory bodies to the Cabinet. Their role will be to:

- (a) Assist and advise the Leader and the Cabinet in the development of policy;
- (b) Consider reviews of any existing policies, strategies or plans of the Council;
- (c) Consider existing policies in the light of changes to legislation or national guidance;
- (d) Consider proposals for new Council policy;
- (e) Provide advice on policy direction.

- 8.4 The terms of reference of each Policy Task Group will be determined by the Leader in consultation with the Chief Executive.

9. Member Champions

- 9.1 Up to five Member Champions will be appointed by the Leader to support the work of the Cabinet and promote and raise the profile for the cause for which they are a champion.

- 9.2 A Member Champion cannot be a Cabinet Member or the Chair or Deputy Chair of the Overview and Scrutiny Committee.

9.3 The Leader may remove a Member Champion at any time.

10. Spokespersons and Lead Members

10.1 The Leader (or in his/her absence the Deputy Leader) is the overall spokesperson for Cabinet issues at appropriate times (for example at the Assembly), but each Cabinet Member may speak on behalf of the Cabinet in a collective, as opposed to a personal, capacity.

11. Cabinet Decisions and Minutes

11.1 Details of decisions made by Cabinet shall be circulated within two working days of the meeting in order to facilitate the call-in process detailed in Part 2, Chapter 8 of the Constitution.

11.2 The minutes of Cabinet meetings shall be published in draft form on the Council's website as soon as practicable after the meeting.

This page is intentionally left blank

Part 2 - The Articles

Chapter 8 – Overview and Scrutiny Committee and Call-in

1. Status, Membership, Quorum and Meeting Frequency

- 1.1 The Overview and Scrutiny Committee is a committee established under Section 21 of the Local Government Act 2000, as amended by the Localism Act 2011.
- 1.2 The membership of the Committee shall be 10 Councillors and the quorum shall be three.
- 1.3 The Assembly shall appoint the membership, including the Chair and Deputy Chair, at its Annual Meeting. Political balance requirements of Section 15 of the Local Government and Housing Act 1989 apply when determining membership.
- 1.4 The Assembly shall also appoint four Co-opted Members to the Overview and Scrutiny Committee, representing the bodies listed below, to scrutinise education matters only. The Co-opted Members shall have voting rights in respect of educational matters, and non-voting in respect of all other matters:
 - i) One Church of England Diocesan Board of Schools representative;
 - ii) One Roman Catholic Westminster Diocesan Schools Commission representative;
 - iii) One secondary school parent governor representative;
 - iv) One primary school parent governor representative.
- 1.5 The Committee may also co-opt a representative(s) of the BAD Youth Forum, in a non-voting capacity.
- 1.6 The Overview and Scrutiny Committee shall meet approximately every four weeks. Additional meetings may be arranged to deal with specific matters such as the Cabinet's budget proposals, Call-in's etc. if considered necessary.
- 1.7 Informal meetings of the Overview and Scrutiny Committee, such as task and finish groups and site visits, may be arranged as appropriate, however only one group may be in place at any one time.

2. Functions and Responsibilities

The Overview and Scrutiny Committee has the following functions and responsibilities:

(a) Statutory Functions

- i) Call-in

The Overview and Scrutiny Committee will be responsible for addressing any Call-in that is received. The Call-in Procedure is detailed in paragraph 6 of this Article.

ii) Councillor Call for Action

The Overview and Scrutiny Committee will also consider Councillor Calls for Action (section 119, Local Government Act 2000), in accordance with the relevant best practice guidance jointly issued by the Centre for Public Scrutiny and the Improvement & Development Agency. The CCfA procedure is detailed in paragraph 7 of this Article.

iii) Crime and Disorder scrutiny

The Overview and Scrutiny Committee shall:

- a. Act as the Crime and Disorder Committee within the meaning of Section 19 of the Police and Justice Act 2006
- b. Review or scrutinise decisions made, or other action taken, in connection with the discharge by the responsible authorities of their crime and disorder functions
- c. Make reports or recommendations to the local authority with respect to the discharge of those functions
- d. Make recommendations to the Cabinet and/or Assembly with respect to any matter which is a local crime and disorder matter in relation to a Member of the authority
- e. Consider any crime and disorder matters referred by any Member of the Council.

iv) Health Scrutiny

The Overview and Scrutiny Committee shall carry out Health Scrutiny in accordance with Section 244 and Regulations under that section of the National Health Services Act 2006 as amended by the Local Government and Public Involvement in Health Act 2007 relating to local health service matters. Where a proposal to substantially vary a Health service relates to more than one local authority area, it must be considered by a Joint Health Overview and Scrutiny Committee appointed by each of the local authorities in question.

v) Education

The Council shall, in accordance with Section 499 of the Education Act 1996 and Section 9F of the Local Government Act 2000, appoint co-opted members to the Overview and Scrutiny Committee to scrutinise education matters only.

vi) Flood risk management

In accordance with the Flood Risk Management Overview and Scrutiny Committee (England) Regulations 2011, the Overview and Scrutiny Committee has the power to request information and scrutinise the local flood risk authority's plans to mitigate flooding.

(b) General Role

- i) Review and scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions;
- ii) Assist the Assembly and the Cabinet in the development of the budget and policy framework by in-depth analysis of policy issues, as required;
- iii) Review and scrutinise the performance of the Council, other public bodies and partner organisations in the area, invite them to address the Overview and Scrutiny Committee, and prepare reports about their initiatives and performance;
- iv) Conduct pre-decision scrutiny to test the robustness and impact of budget savings and other key decisions to be considered by the Cabinet;
- v) Engage with, and represent local people and create opportunities to involve them in the scrutiny process;
- vi) In all of the above, make reports and recommendations to the Cabinet and/or Assembly and/or any Committee in connection with the discharge of any functions
- vii) Produce an annual report which the Chair of the Overview and Scrutiny Committee shall present to the Assembly.

3. Terms of Reference

3.1 Children's Services

- Scrutiny of matters relating to the provision of services to children and young people living or using services within the borough.
- Working with the Council and other partners to secure the continuous improvement of services for children and young people and assisting in improving outcomes for the borough's young people

3.2 Health

3.2.1 The Joint Health and Overview Scrutiny Committee for Barking and Dagenham, Havering, Redbridge, and Waltham Forest (covering the Outer North-East London area) will engage with the NHS to scrutinise the broader strategic changes relating to health service provision across the four Boroughs, however the Overview and Scrutiny Committee may also consider broader strategic health matters in so far as they directly affect the Borough such as:

- Scrutiny of the work of the NHS bodies serving Barking and Dagenham in accordance with the Health and Social Care Act 2001 and associated Regulations and Guidance and the provision, planning, management and performance of services relating to adult social care.
- The planning, provision and operation of the health service in the borough or accessed by Barking and Dagenham residents.
- Requesting information from NHS bodies and any health service provider.

- Requesting attendance from any member or employee of a relevant NHS body or health service provider to attend before it to answer any questions; provided those questions do not relate to confidential information or information that they would be entitled to refuse to provide in a court of law. The request for attendance may also be refused if reasonable notice has not been given (this function may be carried out by the Joint Health Overview and Scrutiny Committee in accordance with Part 2, Chapter 14, paragraph 2).
- Acting on behalf of the Council as the statutory consultee where NHS bodies propose substantial developments or variations in the provision of services and thus have a duty to consult with the local authority before taking a decision. When being consulted with, the Overview and Scrutiny Committee must notify the relevant NHS body of its response to the consultation and any intention to refer the matter to the Secretary of State within the timescales agreed by both parties (this function may be carried out by the Joint Health Overview and Scrutiny Committee in accordance with Part 2, Chapter 14, paragraph 2).
- Exercising the Council's right of referral to the Secretary of State on substantial variations to local health services. The Overview and Scrutiny Committee will have regard to the criteria and process for making a referral to the Secretary of State which are prescribed in the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013.
- Acting on behalf of the Council to make all arrangements for establishing and participating in joint health overview and scrutiny committees with local authorities that are affected by service re-configurations. Any such joint overview and scrutiny committee shall have such terms of reference, and shall exist for so long as the appointing authorities may agree
- Receiving referrals from the local Healthwatch on matters relating to the planning, provision, and operation of health services in the borough, acknowledging receipt within five working days. Further to the regulations, Healthwatch can expect a referral to be discussed at the next formal meeting of Overview and Scrutiny Committee, or at a formal meeting within three months (whichever is most timely). In accordance with the regulations the Overview and Scrutiny Committee is obligated to keep the referrer informed of any action taken in relation to the matter.
- Holding to account the Health and Wellbeing Board for the delivery of its functions, and in doing so, having particular regard to the robustness of the Joint Strategic Needs Assessment and Health and Wellbeing Strategy as effective documents to ensure commissioning of health and social care services is reflective of local need.
- Monitoring progress of implementation of recommendations in accordance with the Council's agreed processes, ensuring that decision-makers have due regard to findings and recommendations arising from scrutiny investigations.
- Representing local people and bringing local concerns and feedback about health and social care services to the attention of leaders within the

local health and social care economy, formally advising the Health and Wellbeing Board of any such concerns in the process.

3.3 Housing and Environment

- The scrutiny of the Council's housing and environmental services, including the provision, planning, management and performance of housing, environment, regeneration, economic development, street scene, public realm transport, and related matters.
- Scrutinising matters relating to the provision of business, jobs and skills within the Borough.

3.4 Petitions

The Overview and Scrutiny Committee will be responsible for receiving and debating petitions certain in accordance with the Council's Petition Scheme which can be found on the Council's website

<https://www.lbbd.gov.uk/council/get-involved/petitions/petition-scheme/>

4. Overview and Scrutiny Sub Committee

- 4.1 The Overview and Scrutiny Committee shall appoint a Sub-Committee which shall be convened as necessary to consider Call-Ins and petitions, upon receipt and validation.
- 4.2 The Sub-Committee shall consist of the Chair of the Committee and four other Members of the Committee. The quorum shall be two Members.

5. Scrutiny Procedure Rules

5.1 Work Programme

5.1.1 The Overview and Scrutiny Committee shall be responsible for setting and maintaining the work programme, which will be agreed at the start of the municipal year in consultation with the Council's Designated Scrutiny Officer. Meetings of the Committee will be themed.

5.1.2 The Overview and Select Committee may receive suggestions from the following for particular topics to be scrutinised:

- Members of the public
- Relevant partner organisations
- Officers of the Council
- Co-optees
- Cabinet
- Individual Members of the Council

5.1.3 The Overview and Scrutiny Committee shall typically go through a topic selection process in order to shortlist the areas for review.

5.2 Scrutiny Reviews

5.2.1 The Overview and Scrutiny Committee may undertake scrutiny reviews on any matter that is consistent with its terms of reference.

5.2.2 Before conducting a scrutiny review, the Overview and Scrutiny Committee will ensure it meets the **PAPER** criteria:

- Public Interest;
- Ability to Change;
- Performance;
- Extent of the Issue; and
- Replication.

5.2.3 The Overview and Scrutiny Committee shall not undertake a scrutiny review on any matter directly or indirectly linked to work being undertaken by the Cabinet or a Policy Task Group.

5.2.4 The Overview and Scrutiny Committee may conduct research, consultation and anything which is reasonable to assist or inform its deliberations, including a general call for evidence, commission research, site visits, public surveys, public meetings and the involvement of the local community.

5.2.5 The Overview and Scrutiny Committee may appoint advisers and call witnesses to assist in its work and pay reasonable fees and expenses for such assistance within available budgets.

5.2.6 The process for scrutiny reviews and reports will follow the process below, subject to any variation agreed with the Chair in consultation with the Designated Scrutiny Officer:

- Gather evidence from Council officers, Members and statutory authorities;
- Identify where processes, policies or services could be improved;
- Develop formal draft recommendations to deliver these improvements and discuss them with the relevant portfolio holder(s) and, if appropriate, relevant statutory authorities either at a committee meeting or in writing;
- Submit the draft final report, with recommendations, to the relevant portfolio holder(s) and, if appropriate, relevant statutory authorities for comment;
- Present the final report (including portfolio holder comments) to the Overview & Scrutiny Committee for approval;
- Publish the approved report on the Council's website and circulate to relevant stakeholders, including those who gave evidence to the committee;
- Present an action plan to the committee for approval, allocating the recommendations to the decision-maker (as determined by the Scheme of Delegation) and agreeing a timeframe for their implementation;
- Report back to the committee within six months with a progress update on implementation of the recommendations.

5.2.7 Where the Overview and Scrutiny Committee makes a report and recommendations on matters relating to local crime and disorder or health services, it will provide a copy of the report to the relevant responsible authorities, notifying them of their duty (under section of the Police and Justice Act 2006 and Local Government and Public Involvement in Health Act 2007) to:

- i) consider the report or recommendations;

- ii) respond to the Overview and Scrutiny Committee in writing within 28 days indicating what (if any) action it proposes to take, and;
- iii) have regard to the report or recommendations in exercising its functions.

5.3 Public Participation

5.3.1 Residents of the London Borough of Barking and Dagenham and those working, studying or with a business interest in the area are able to participate in the scrutiny process by:

- a) Suggesting topics for review by the Overview and Scrutiny Committee;
- b) Attending meetings;
- c) Presenting petitions;
- d) Asking a question;
- e) Making a statement or forming a deputation (lobbying) to the Overview and Scrutiny Committee;
- f) Being involved in a scrutiny investigation;
- g) Responding to surveys.

5.3.2 When there is a scrutiny investigation that would benefit from public participation the Officer supporting such investigation will ensure such participation is facilitated.

5.3.3 Members of the public interested in participating in a particular scrutiny investigation can do so by contacting the Scrutiny staff or the Chair directly.

5.4 Accountability and Attendance

5.4.1 The Overview and Scrutiny Committee may scrutinise and review any decisions made or actions taken in connection with the discharge of any Council function or other matter that is within its terms of reference. As well as reviewing documentation, the Overview and Scrutiny Committee fulfilling the scrutiny role, may require any Member of the Cabinet, Chief Officer and/or senior Officer to attend (only when invited) before it to explain, in relation to matters within their remit:

- a) Any particular decision or series of decisions;
- b) The extent to which the actions taken implement Council policy;
- c) The performance of relevant services.

and it is the duty of those persons to attend if so required.

5.4.2 The Overview and Scrutiny Committee may also require any Council Member to attend before it to answer questions on any function which the Member has power to exercise.

- 5.4.3 Any Councillor or member of the public shall be entitled to attend meetings of the Overview and Scrutiny Committee and to speak on any agenda item at the discretion of the Chair.
- 5.4.4 Where any Cabinet Member, Ward Member or Officer is required to attend an Overview and Scrutiny Committee meeting, Scrutiny Officers will, within reasonable time, inform that Member or Officer in writing of the Select Committee meeting at which he/she is required to attend. The notice will state the nature of the item on which he/she is required to attend to give account and whether any papers are required to be produced for the Committee.
- 5.4.5 Where the account to be given to the Committee will require the production of a report, then the Member or Officer concerned will be given sufficient notice to allow for preparation of that documentation.
- 5.4.6 Where, in exceptional circumstances, the Member or Officer is unable to attend on the required date, then a substitute may be asked to attend or the Overview and Scrutiny Committee may, in consultation with the Member or Officer, arrange an alternative date for attendance, which shall be no later than the next scheduled meeting.
- 5.4.7 The Overview and Scrutiny Committee may invite people other than those people referred to above to address it, to discuss issues of local concern and/or answer questions. For example, it may wish to hear from residents; other interested parties, officers in other parts of the public sector, or experts.
- 5.4.8 In undertaking the scrutiny of crime and disorder issues or local health bodies, the Overview and Scrutiny Committee may invite representatives of the crime and disorder bodies or the health organisations to address it, discuss the issue of local concern and/or answer questions. An officer of a trust/ organisation must attend meetings to provide information needed by the Committees to discharge its functions. However, reasonable notice must be given.

5.5 Rights to Information

- 5.5.1 The Overview and Scrutiny Committee will have access to the Forward Plan of key decisions of the Cabinet and timetable for decisions and intentions for consultation.
- 5.5.2 In addition to their rights as Councillors, Members of Overview and Scrutiny Committee have the additional right to documents and to notice of meetings as set out in the Access to Information rules (Part 2, Chapter 17) and in line with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.
- 5.5.3 Nothing in this paragraph shall prevent more detailed liaison between the Cabinet and the Overview and Scrutiny Committee if considered appropriate for the particular matter under consideration.

6. Call-in

- 6.1 Call-in is the exercise of Overview and Scrutiny Committee's statutory powers under Sections 9F(2)(a) and 9F(4) of the Local Government Act 2000 (as amended by the Localism Act 2011) to review an executive key decision that has been made but not yet implemented. Where a decision is called-in and the

Overview and Scrutiny Committee decides to refer it back to the relevant decision-maker for reconsideration, it cannot be implemented until the Call-in Procedure is complete.

- 6.2 Any key decision is subject to Call-in. A decision may be called-in only once. A recommendation to the Assembly may not be called-in.
- 6.3 The Call-in Procedure and the powers to refer a decision back for reconsideration may be exercised by the Overview and Scrutiny Committee, provided the decision that is subject to the Call-in is within the remit of its respective terms of reference.
- 6.4 Requests for Call-in will only be accepted as valid if there is evidence that the decision maker did not take the decision in accordance with the principles of decision making as set out in Part 2, Chapter 16, paragraph 2 of this Constitution.
- 6.5 Call-in of decisions which may be contrary to the Budget and Policy Framework shall be governed by the provisions of the Budget and Policy Framework Procedure Rules in Part 2, Chapter 18, paragraph 6 of this Constitution.
- 6.6 Call-in should be regarded as a measure that is only needed in exceptional circumstances.

The Call-In Procedure

- 6.7 Once made, an executive decision shall be published in the form of a Decision Notice within two working days. The Decision Notice will be sent to all Members of the Council within the same timescale.
- 6.8 The Decision Notice will specify that the decision will be effective on the expiry of five clear working days after the publication of the decision and may then be implemented, unless called-in under this provision within that five-working day period.
- 6.9 Any two (or more) Councillors (excluding Cabinet Members), or statutory co-opted Members where the matter relates to education, individually or collectively, may call-in a key decision by submitting a written notification to the Chief Executive within the five-working day period. A form is available on the Council's website. Any Councillor who has a prejudicial and/or pecuniary interest in a particular issue should not instigate or take part in any Call-In related to that issue.
- 6.10 The form must include:
 - i) the names of the Members requesting the Call-in (at least two are required), one of whom should be identified as the lead;
 - ii) the subject matter being called-in;
 - iii) the decision including, where relevant, whether all or part of the decision is being called-in; and
 - iv) clear reasons for the Call-in.

- 6.11 The Call-in request will be deemed valid unless either:
- i) The procedures set out in paragraphs 6.8 to 6.10 have not been properly followed;
 - ii) The grounds for Call-in as referred to in paragraph 6.4 above have not been met;
 - iii) The decision has been recorded as urgent in accordance with paragraphs 6.15 to 6.18 below;
 - iv) The Call-in is considered to be frivolous, vexatious or not a proper use of the Call-in provisions taking into account the following factors:
 - a. Whether the matter has been considered as part of pre-decision scrutiny by Overview and Scrutiny Committee or any sub-committee, task group or panel.
 - b. Whether there has been any substantive change in the nature of the decisions being made since any pre-decision scrutiny of the proposals.
 - c. Whether the recommendations or alternative course of action or recommendations in the Call-in request have been previously considered and rejected, in whole or part, as part of pre-decision scrutiny.
 - d. Whether the Call-in request can be dealt with through the clarification of matters.
 - e. Any other relevant factor.
 - v) The Call-in would, in the opinion of the Monitoring Officer, result in the Council failing to discharge its legal duties.
- 6.12 Before deciding on (a) to (e) above, the Chief Executive may seek clarification of the Call-in request from the Member(s) concerned. The Chief Executive shall also consult with the Chair of Overview and Scrutiny Committee prior to making a determination on the validity of the Call-in. The decision of the Chief Executive shall be final and there is no right of appeal.
- 6.13 Upon deciding on its validity, the Chief Executive shall forthwith notify the Member(s) concerned, the Leader and Portfolio Holder, the Chair and Deputy Chair of Overview and Scrutiny Committee, the relevant Strategic and other Directors and the Council's Designated Scrutiny Officer.
- 6.14 In the absence of the Chief Executive, the Monitoring Officer shall exercise the Chief Executive's functions in respect of the Call-in.

Decisions not subject to Call-In

- 6.15 The following categories of decision are not subject to Call-in:
- i) recommendations from the Cabinet to the Assembly for final determination, such as the Budget and Policy Framework;

- ii) decisions for urgent implementation under the Access to Information Procedure Rules set out in Part 2, Chapter 17 of the Constitution;
- iii) urgent decisions outside the Budget or Policy Framework taken in accordance with paragraph 4 of the Budget and Policy Framework Rules in Part 2, Chapter 18 of the Constitution;
- iv) decisions to award a contract following a lawful procurement process.

Call-In and Urgency

- 6.16 The Call-in procedure set out above shall not apply where the decision being taken is urgent. A decision is urgent if:
- i) A Call-in would prevent the Council reaching a decision that is required by statute or otherwise within a specified timescale;
 - ii) Any delay likely to be caused by the Call-in process would seriously prejudice the Council's or the public's interests and the reasons for urgency are reported to the decision-making body or person before the decision is taken;
 - iii) Any delay likely to be caused by the Call-in process would be likely to expose the Council, its Members or its constituents to significant level of risk, loss, damage or significant disadvantage.
- 6.17 In the case of the above, the Decision Notice shall state whether a decision is an urgent one, and therefore not subject to Call-in. The consent of the Chair of the Overview and Scrutiny Committee is required before a decision is treated as urgent.
- 6.18 Where the Cabinet has recorded a decision as urgent, the Overview and Scrutiny Committee may retrospectively review actions arising from that decision but cannot delay its implementation.

Consideration of the Call-In

- 6.19 The Chief Executive will ensure that any valid Call-in is reported to the appropriate meeting.
- 6.20 At least one of the Members submitting the request for Call-in will be expected to attend the meeting to explain their reasons for the Call-in and the alternative course of action or recommendations they wish to propose. Appropriate representation from the Cabinet will be required to explain the reasons for the Cabinet's decision and to answer any questions. Similarly, the relevant Chief Officer shall attend to clarify any aspects associated with the issue in question.
- 6.21 Having considered the Call-in and the reasons given, the Overview and Scrutiny Committee (or convened Sub-Committee) may either:
- i) Refer it back to the decision-making person or body for reconsideration, normally in time for its next scheduled meeting, setting out in writing the nature of its concerns and any alternative recommendations;

- ii) If it considers that the decision is outside the Council's Budget and Policy Framework, refer the matter to the Assembly after seeking the advice of the Monitoring Officer and/or Chief Financial Officer; or
- iii) Decide to take no further action, in which case the original Cabinet decision will be effective immediately.

Decisions referred back to the Decision-Maker

- 6.22 If a decision is referred back to the original decision maker, that person or body shall then reconsider the matter, taking into account any concerns and recommendations of the Overview & Scrutiny Committee (or convened Sub-Committee), and make a final decision, amending the decision or not, and give reasons for the decision.
- 6.23 If a decision relates to an executive function, only the Cabinet can ultimately decide the matter, provided that it is in accordance with the Council's Budget and Policy Framework.

7. Councillor Call for Action

- 7.1 Any Councillor may request the Chief Executive to include a Councillor Call for Action on the agenda of a relevant Committee meeting. A Councillor Call for Action request must be made to the Chief Executive. A form is available on the Council's website which sets out the requirements for a Councillor Call for Action request to be considered valid by the Chief Executive.
- 7.2 Upon receipt of a valid Call for Action the Chief Executive shall ensure that the item is included on the agenda of the next appropriate meeting of the relevant committee, and ensure that the Lead Member of the relevant committee(s), relevant Cabinet Members, senior officers and any other members from the ward(s) in question are informed that a valid Call for Action has been received.
- 7.3 Any Councillor who submits a valid Call for Action will have the right to attend the meeting at which the item is to be considered, to explain the reasons for the Call for Action and to have the item discussed. The Committee will decide either:
- i) To request officers to prepare a report for the next meeting;
 - ii) To request the Councillor submitting the Call for Action to provide further evidence or information to a future meeting;
 - iii) To set up a task and finish group to investigate the matter and report back to the Committee or to agree to undertake a scrutiny review on the matter at the appropriate time;
 - iv) To refer the matter to the appropriate person or body be it a senior Officer, another committee such as the Cabinet or an external body, either for information or calling for specific action;
 - v) To take no further action on the request, for stated reasons.
- 7.4 A Councillor Call for Action will be deemed invalid in the following circumstances, and shall not be taken forward:

- i) The procedures set out in paragraphs 7.1 and 7.2 have not been properly followed;
- ii) It does not affect all or part of the ward for which the referring Member is elected, or any person who lives or works in that ward;
- iii) It is a matter that has been excluded by Order of the Secretary of State (e.g. planning or licensing appeals and other quasi-judicial matters); or
- iv) The Chief Executive, in consultation with the Designated Scrutiny Officer, considers it to be vexatious, not reasonable, discriminatory or outside the Councillor Call for Action provisions.

7.5 Before deciding on its validity, the Chief Executive may seek clarification of the Call for Action from the Councillor concerned.

This page is intentionally left blank

Part 2 – The Articles

Chapter 9 – Planning Committee

1. Status and Membership

- 1.1 The Planning Committee is a committee established under Section 102 of the Local Government Act 1972.
- 1.2 The membership of the Committee shall be 10, two of whom shall be ex-officio voting members by virtue of their portfolio responsibilities, namely the Cabinet Members for Economic and Social Development and for Finance, Growth and Investment. The quorum shall be three Members.
- 1.3 The Assembly shall appoint the membership, including the Chair and Deputy Chair, at its Annual Meeting. Political balance requirements of Section 15 of the Local Government and Housing Act 1989 apply when determining membership.

2. Responsibility for Functions

- 2.1 The Planning Committee has responsibility for determining the following functions of the Council as the Local Planning Authority:
 - (i) Any application recommended for approval with five or more objections from local residents other than an application for prior approval which may be agreed by the Director of Inclusive Growth in consultation with the Chair and Deputy Chair.
 - (ii) All major applications from Be First or the Council.
 - (iii) Applications which are recommended for approval and are considered by the Director of Inclusive Growth to be contrary to any material aspect of the Local Plan.
 - (iv) Applications for the mining and working of minerals or the use of land for mineral working deposits.
 - (v) Applications which are recommended for refusal and are considered by the Director of Inclusive Growth not to be contrary to any material aspect of the Local Plan.
 - (vi) Applications submitted by or on behalf of a Councillor or by any employee (or their spouse/partner) of the Council's Inclusive Growth section and Be First.
 - (vii) Applications which any Councillor requests in writing to the Director of Inclusive Growth within 21 days from the date of validation of the application subject to agreement of the Chair.
 - (viii) Any other application or issue which, on advice from the Director of Inclusive Growth, the Chair decides should be determined by the Planning Committee, by reason of its scale, impacts upon the environment or the level of public or likely Councillor interest;
 - (ix) Appointing sub-committees, including the following:

Visiting Sub-Committee - consisting of the Chair and Deputy Chair and three other Members of the Committee, to be appointed at the first meeting in the municipal year to undertake inspections of buildings and sites as directed by the Committee and to make recommendations to the Committee arising from these inspections, unless otherwise empowered to act by the Committee. The relevant Ward Councillors shall also be invited to attend meetings in a non-voting capacity.

Performance Review Sub-Committee - consisting of the Chair and Deputy Chair and three other Members of the Committee, to be appointed at the first meeting in the municipal year, to consider and report back to the Committee on an annual basis in respect of:

- a random sample of up to 20 delegated decisions on a range of applications and examine and evaluate between 5 and 10 of them to assess whether relevant planning policies and criteria were applied in each case;
 - planning appeal performance; and
 - scrutiny of overturned decisions.
- (x) Reports on new, or amendments to existing, statutory provisions and guidance covering development control matters.
- (xi) Revoking and hearing opposed Tree Preservation Orders.
- (xii) All other functions set out in column (1), paragraph A of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, as amended, and all legislation appertaining to planning contained in the Planning Acts. This includes changes introduced by the Localism Act 2011 and the Growth and Infrastructure Act 2013 and any delegated legislation made pursuant to the Planning Acts.

3. Frequency of Meetings

- 3.1 The Planning Committee shall meet approximately every four weeks in order to consider planning applications and other matters within statutory timescales.

4. Speaking by Members of the Public and Other Interested Parties at Meetings

- 4.1 Members of the public may be permitted to address the Committee as an objector to an application subject to notice having been given to the Council's Democratic Services team by 12.00 noon on the last working day before the meeting. In normal circumstances, a maximum of three members of the public will be allowed to speak at the meeting, each with a target time limit of three minutes. In the event that more than three members of the public wish to speak, subject to the Chair's discretion, priority will be given to those who made representations during the consultation period for the application.
- 4.2 Elected representatives acting on behalf of their constituents are also permitted to speak at meetings without having to give prior notice, with a target time limit of three minutes each.

- 4.3 The Chair has discretion to extend the time limit of speakers or limit the number of speakers to ensure the efficient running of the meeting, in line with the procedures for the meeting.
- 5. Speaking by the applicant (or their representative) and responsible authorities**
- 5.1 The applicant (or their representative) and responsible authorities (e.g. the Police, Fire Brigade, relevant Council services etc.) will be entitled to address the Committee in line with the procedures for the meeting. The Chair has discretion to restrict the time allowed to such speakers to ensure the efficient running of the meeting.
- 5.2 In normal circumstances, it will not be necessary for the applicant (or their representative) to address the Committee unless either (i) the application is recommended for refusal; (ii) objectors have raised additional issues at the meeting to which the applicant (or their representative) wishes to respond to; and/or (iii) the application is recommended for approval but with conditions to which the applicant (or their representative) objects to.
- 5.3 Copies of the relevant procedures are available on the Council's website or by contacting Democratic Services.
- 6. Councillors' Code of Conduct for Planning Matters**
- 6.1 The Councillors' Code of Conduct for Planning Matters is set out in Chapter 2, Part 5 of this Constitution.

This page is intentionally left blank

Part 2 - The Articles

Chapter 11 - Pensions Committee

1. Status, Membership, Quorum and Meeting Frequency

1.1 The London Borough of Barking and Dagenham Pension Fund (“the Fund”) is part of the Local Government Pension Scheme (LGPS). It is a statutory scheme operated under the following regulations:

- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended);
- The Local Government Pension Scheme (Administration) Regulations 2008;
- The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (as amended); and
- The Local Government (Management and Investment of Funds) Regulations 1998 and subsequent amendments.

1.2 The Assembly shall appoint the membership, including the Chair and Deputy Chair, at its Annual Meeting for a two-year term. Political balance requirements of Section 15 of the Local Government and Housing Act 1989 apply when determining membership.

1.3 The membership of the Committee shall be as follows:

- Voting Members – Seven Councillors.
- Non-Voting – The Committee may appoint representatives of interested parties (Trade Unions, Admitted Bodies, pensioners etc.).

1.4 The Committee may also appoint an Independent Adviser to provide appropriate advice to the Committee in a non-voting capacity.

1.5 The quorum shall be two voting Members.

1.6 The Committee shall meet on a quarterly basis.

2. Responsibility for Functions

2.1 To exercise on behalf of the Council all the powers and duties of the Council in relation to its functions as Administering Authority of the London Borough of Barking and Dagenham Pension Fund, and in particular the following:

- (i) To approve all policy statements required or prepared under the LGPS Regulations;
- (ii) To be responsible for the overall investment policy, strategy and operation of the Fund and its overall performance, including taking into account the profile of Fund liabilities;
- (iii) To appoint and terminate the appointments of the Fund Actuary, Custodian, professional advisors to, and external managers of, the Fund and agree the basis of their remuneration;

- (iv) To monitor and review the performance of the Fund's investments including receiving a quarterly report from the Chief Operating Officer;
- (v) To receive actuarial valuations of the Fund;
- (vi) To monitor the LGPS Regulations, Codes of Practice or guidance issued by the Pensions Regulator and the National Scheme Advisory Board as they apply to pension benefits and the payment of pensions and their day to day administration and to be responsible for any policy decisions relating to the administration of the scheme;
- (vii) Selection, appointment and termination of external Additional Voluntary Contribution (AVC) providers and reviewing performance;
- (viii) To consider any recommendations made or views expressed by the London Borough of Barking and Dagenham Pension Board.

3. Rights and Responsibilities of Non-Voting Members and Advisers

- 3.1 The non-voting Members shall be entitled to receive confidential or exempt papers and be present at meetings when these are discussed, unless determined in advance by the Chief Operating Officer, in consultation with the Chair. This arrangement will also apply to the Independent Adviser although a separate determination will be made.
- 3.2 Non-Voting Members and Advisers are expected to declare any interests and to respect confidentiality when necessary. They are expected to observe the Council's Procedures, Codes and Protocols while serving on the Committee.

4. Local Pension Board

- 4.1 The London Borough of Barking and Dagenham Pension Board ("Local Pension Board") was established in accordance with Section 5 of the Public Service Pensions Act 2013, effective from 1 April 2015.
- 4.2 The role of the Board is defined by regulation 106 (1) of the LGPS regulations as:
 - 1) to secure compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme and requirements imposed in relation to the LGPS by the Pensions Regulator ("the PR");
 - 2) to ensure the effective and efficient governance and administration of the Fund.
- 4.3 The Board is not a decision-making body in relation to the management of the Pension Fund and is not a committee constituted under Section 101 of the Local Government Act 1972. The Board's main role will be that of having oversight over whether the aims and objectives outlined within the Fund's Governance and Administration strategies are being achieved; and having regard to any overriding requirements included within guidance from DCLG and the Scheme Advisory Board.
- 4.4 The Board will consist of up to six members made up of an equal number (three) from the following categories:

- (a) **Member Representatives:** preferably members of the Fund (active, deferred or pensioner). Where the member representative is not a member of the Fund, they must have the requisite knowledge and skills to be able to represent the interests of the scheme members.
- (b) **Employer Representatives:** At least one of the employer representatives shall be an employee of the Council and at least one shall be from one of the Fund's scheduled bodies.

4.5 The Board shall meet twice a year.

4.6 The full terms of reference of the Board and its relationship with the Pensions Committee can be found at [Pension Board details](#).

This page is intentionally left blank

Part 2 - The Articles

Chapter 13 – Audit and Standards Committee

1. Status, Membership, Quorum and Meeting Frequency

- 1.1 The Audit and Standards Committee is a committee established under Section 102 of the Local Government Act 1972 and Section 28 of the Localism Act 2011.
- 1.2 The membership of the Committee shall be eight Councillors and the quorum shall be three.
- 1.3 The Assembly shall appoint the membership, including the Chair and Deputy Chair, at its Annual Meeting. Cabinet Members and the Chair of the Overview and Scrutiny Committee shall not be members of the Audit and Standards Committee. Political balance requirements of Section 15 of the Local Government and Housing Act 1989 apply when determining membership.
- 1.4 The Assembly shall also appoint up to three Independent Persons, pursuant to the Localism Act 2011 requirement, to give a view to the Committee or Sub-Committee on issues relating to complaints made regarding alleged breach of the Councillors' Code of Conduct.
- 1.5 The Committee shall appoint an Independent Adviser to advise on matters relating to the Council's audit functions.
- 1.6 The Committee shall meet on a quarterly basis with an additional meeting held, if necessary, to approve the publication of the Council's Statement of Accounts prior to 31 July each year.

2. Responsibility for Functions:

- 2.1 The Audit and Standards Committee shall have the following roles and functions:

2.1.1 Audit functions

Internal Audit

- i) Considering regular update reports concerning the work of Internal Audit, including progress on delivering the annual programme of work, emerging themes, risks and issues, and officer responsiveness in implementing recommendations and responding to Internal Audit.
- ii) Considering and agreeing an Annual Audit Report from the Chief Financial Officer and a summary of Internal Audit activity (actual and proposed), and the level of assurance it can give over the Council's corporate governance, internal control, and risk management arrangements.
- iii) Considering summaries of specific Internal Audit reports as requested.
- iv) Considering reports dealing with the management and performance of the providers of Internal Audit services.

Statutory and External Audit Functions

- v) Considering the Annual Governance Report (both main and pension) and other relevant reports.
- vi) Considering the Annual Audit Letter, and other relevant reports.
- vii) Considering the Summary of Grant Certifications.
- viii) Considering other specific reports as agreed with the external auditor.

Performance

- ix) Considering the Council's performance monitoring reports and to closely monitor and evaluate the performance of the services and functions which fall within its remit.
- x) Periodically reviewing the Council's capital spending.
- xi) Reviewing the performance of any major contracts entered into by the Council.
- xii) Reviewing performance of the arm's length entities created by and owned by the Council.
- xiii) Considering the findings of any reports from any inspection agencies concerning the Council.

Governance

- xiv) Receiving reports and making appropriate recommendations concerning corporate governance, risk management, decision-making and information governance and ensuring compliance with best practice.
- xv) Receiving reports and making appropriate recommendations concerning customer complaints and Local Government Ombudsman enquiries.
- xvi) Considering regular updates concerning Council policies relating to internal governance (including whistle-blowing, bribery and anti-fraud) and ensuring the implementation of relevant legislation relating to governance, fraud and corruption.
- xvii) Maintaining an overview of the Council's Constitution in respect of the Financial Regulations and Rules.
- xviii) Approving the Council's Annual Governance Statement which accompanies the Annual Statement of Accounts.
- xix) Considering the Council's compliance with its own and other published standards and controls.

Finance

- xx) Considering regular reports concerning the financial management of the Council, including in-year expenditure against budgets and use of reserves.
- xxi) Considering and approving the Annual Statement of Accounts and all related documents.
- xxii) Considering the robustness of the Council's annual budget setting process.

2.1.2 Standards functions

- i) Promoting and maintaining high standards of conduct by Members and Co-Opted Members of the authority;
- ii) Appointment of a Hearing Sub-Committee to hear and make recommendations to the Monitoring Officer concerning complaints about Members and Co-opted Members referred to it by the Monitoring Officer (the composition, Terms of Reference and responsibility of functions for the Sub-Committee are referred to in paragraphs 3 and 4 below);
- iii) Receiving periodic reports from the Monitoring Officer on dispensations granted / refused, complaints received against Members, complaints resolved informally, complaints resolved after an investigation by the Hearing Sub-Committee and assessing the operation and effectiveness of the Members' Code of Conduct;
- iv) Advising on training or arranging to train Councillors and Co-opted Members on matters relating to the Councillors' Code of Conduct;
- v) Assisting Councillors and Co-opted Members to observe the Councillors' Code of Conduct;
- vi) Receiving referrals from the Monitoring Officer into allegations of misconduct, in accordance with the Council's assessment criteria;
- vii) Advising on the contents of and requirements for codes / protocols / other procedures relating to standards of conduct throughout the Council;
- viii) Maintaining oversight of the Council's arrangements for dealing with complaints;
- ix) Informing the Assembly and the Chief Executive of relevant issues arising from the determination of Code of Conduct complaints;
- x) On referral by the Monitoring Officer, granting dispensations pursuant to S33(2) (b), (c) and (e) of the Localism Act 2011 to enable a Councillor or Co-opted Member to participate in a meeting of the Authority;
- xi) Hear and determine appeals against refusal to grant dispensations by the Monitoring Officer pursuant to S33(2)(a) and (d) of the Localism Act 2011.

3. Hearing Sub-Committee

- 3.1 In accordance with Section 28(6) and (7) of the Localism Act 2011, the Audit and Standards Committee shall appoint a Hearing Sub-Committee to conduct hearings and determine complaints.
- 3.2 The Hearing Sub-Committee shall consist of three Members, drawn from the membership of the Committee on a rota basis by the Chief Executive. The Chair shall be elected by the Sub-Committee at each meeting. Due regard shall be given to the political balance principles when drawing the membership of a Sub-Committee.
- 3.3 The quorum shall be three Members.
- 3.4 The Hearing Sub-Committee shall meet as and when required.

4. Responsibility for Functions of the Hearing Sub-Committee

- 4.1 The Hearing Sub-Committee shall be responsible for:
- (i) Hearing allegations that a Councillor or Co-opted Member has breached the Councillors' Code of Conduct.
 - (ii) Following a hearing, making one of the following findings:
 - (a) that the Member has not failed to comply with the Code of Conduct and no further action needs to be taken in respect of the matters considered at the hearing;
 - (b) that the Member has failed to comply with the Code of Conduct but that no further action needs to be taken in respect of the matters considered at the hearing;
 - (c) that the Member has failed to comply with the Code of Conduct and that a sanction and/or an informal resolution should be imposed.
 - (iii) Imposing any action or combination of actions available to it, or impose any informal resolution or combination of informal resolutions as are available to it by law or policy.
 - (iv) After making a finding, providing written notice of its findings and the reasons for its decision to the Member and complainant.

5. Management of Complaints

- 5.1 The management of complaints shall be the responsibility of the Monitoring Officer in accordance with the procedure set out in Part 5, Chapter 1, paragraph 15 of this Constitution.

6. Rights and Responsibilities of Independent Persons (for Standards functions)

- 6.1 The role of an Independent Person is wholly advisory, providing advice to the Council on any allegation being considering of a failure of a Councillor or Co-opted Member, and to such a Councillor facing an allegation who has sought the views of the Independent Person.
- 6.2 An Independent Person may attend meetings of the Audit and Standards Committee and act in an advisory capacity only, with no voting rights.
- 6.3 An Independent Person shall have an advisory role in the decision-making process regarding complaints against Councillors and Co-opted Members in that his/her views must be sought and taken into account before decisions are made on allegations which the Monitoring Officer has decided to investigate.
- 6.4 An Independent Person may be consulted by the Monitoring Officer before a decision has been taken to investigate.
- 6.5 An Independent Person shall have an advisory role in any meeting of the Hearing Sub-Committees' decision-making process regarding complaints against Councillors and Co-opted Members. The views of an Independent Person must be sought and taken into account before decisions are made by the Hearing Sub-Committee.
- 6.6 An Independent Person may be consulted by a Councillor or Co-opted Member who is the subject of an allegation.
- 6.7 An Independent Person shall declare any interests, respect confidentiality and observe the Council's Procedures, Codes and Protocols in his/her workings with the Council.

7. Rights and Responsibilities of Independent Advisor (for Audit functions)

- 7.1 The role of the Independent Advisor is to provide advice to the Committee in respect of the audit functions described in paragraph 2.1.1 above.
- 7.2 The Independent Advisor shall be invited to attend all meetings of the Audit and Standards Committee to act in an advisory capacity only, with no voting rights.
- 7.3 The Independent Advisor shall declare any interests, respect confidentiality and observe the Council's Procedures, Codes and Protocols in his/her workings with the Council.

This page is intentionally left blank