

**Notice of Meeting of the**

**ASSEMBLY**

**to be held on Wednesday, 28 September 2022  
commencing at 7:00 pm in the  
Council Chamber, Town Hall, Barking**



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

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Please note that this meeting will be webcast via the Council's website. Members of the public wishing to attend the meeting in person can sit in the public gallery on the second floor of the Town Hall, which is not covered by the webcast cameras. To view the webcast online, click [here](#) and select the relevant meeting (the weblink will be available at least 24-hours before the meeting).

## **AGENDA**

**1. Tribute to Her Majesty Queen Elizabeth II**

**2. Apologies for Absence**

**3. 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.

**4. Minutes - To confirm as correct the minutes of the meeting held on 27 July 2022 (Pages 3 - 8)**

**5. Leader's Statement**

The Leader will present his statement.

**6. Appointments**

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

**7. Strategy for the Flexible Use of Capital Receipts 2022/23 (Pages 9 - 18)**

**8. Motions (Pages 19 - 25)**

**9. Questions With Notice**

**10. Any other public items which the Chair decides are urgent**

**11. 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.***

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

## Our Vision for Barking and Dagenham

# **ONE BOROUGH; ONE COMMUNITY; NO-ONE LEFT BEHIND**

## Our Priorities

### **Participation and Engagement**

- To collaboratively build the foundations, platforms and networks that enable greater participation by:
  - Building capacity in and with the social sector to improve cross-sector collaboration
  - Developing opportunities to meaningfully participate across the Borough to improve individual agency and social networks
  - Facilitating democratic participation to create a more engaged, trusted and responsive democracy
- To design relational practices into the Council's activity and to focus that activity on the root causes of poverty and deprivation by:
  - Embedding our participatory principles across the Council's activity
  - Focusing our participatory activity on some of the root causes of poverty

### **Prevention, Independence and Resilience**

- Working together with partners to deliver improved outcomes for children, families and adults
- Providing safe, innovative, strength-based and sustainable practice in all preventative and statutory services
- Every child gets the best start in life
- All children can attend and achieve in inclusive, good quality local schools
- More young people are supported to achieve success in adulthood through higher, further education and access to employment
- More children and young people in care find permanent, safe and stable homes
- All care leavers can access a good, enhanced local offer that meets their health, education, housing and employment needs
- Young people and vulnerable adults are safeguarded in the context of their families, peers, schools and communities

- Our children, young people, and their communities' benefit from a whole systems approach to tackling the impact of knife crime
- Zero tolerance to domestic abuse drives local action that tackles underlying causes, challenges perpetrators and empowers survivors
- All residents with a disability can access from birth, transition to, and in adulthood support that is seamless, personalised and enables them to thrive and contribute to their communities. Families with children who have Special Educational Needs or Disabilities (SEND) can access a good local offer in their communities that enables them independence and to live their lives to the full
- Children, young people and adults can better access social, emotional and mental wellbeing support - including loneliness reduction - in their communities
- All vulnerable adults are supported to access good quality, sustainable care that enables safety, independence, choice and control
- All vulnerable older people can access timely, purposeful integrated care in their communities that helps keep them safe and independent for longer, and in their own homes
- Effective use of public health interventions to reduce health inequalities

## **Inclusive Growth**

- Homes: For local people and other working Londoners
- Jobs: A thriving and inclusive local economy
- Places: Aspirational and resilient places
- Environment: Becoming the green capital of the capital

## **Well Run Organisation**

- Delivers value for money for the taxpayer
- Employs capable and values-driven staff, demonstrating excellent people management
- Enables democratic participation, works relationally and is transparent
- Puts the customer at the heart of what it does
- Is equipped and has the capability to deliver its vision

## MINUTES OF ASSEMBLY

Wednesday, 27 July 2022  
(7:01 - 7:54 pm)

### PRESENT

Cllr Irma Freeborn (Chair)  
Cllr Tony Ramsay (Deputy Chair)

Cllr Andrew Achilleos	Cllr Dorothy Akwaboah	Cllr Saima Ashraf
Cllr Princess Bright	Cllr Sade Bright	Cllr Josie Channer
Cllr Nashitha Choudhury	Cllr Muhib Chowdhury	Cllr Alison Cormack
Cllr John Dulwich	Cllr Edna Fergus	Cllr Cameron Geddes
Cllr Syed Ghani	Cllr Rocky Gill	Cllr Kashif Haroon
Cllr Jane Jones	Cllr Elizabeth Kangethe	Cllr Mohammed Khan
Cllr Margaret Mullane	Cllr Fatuma Nalule	Cllr Adegboyega Oluwole
Cllr Simon Perry	Cllr Michel Pongo	Cllr Moin Quadri
Cllr Regina Rahman	Cllr Hardial Singh Rai	Cllr Lynda Rice
Cllr Ingrid Robinson	Cllr Paul Robinson	Cllr Darren Rodwell
Cllr Muhammad Saleem	Cllr Muazzam Sandhu	Cllr Faraaz Shaukat
Cllr Jack Shaw	Cllr Dominic Twomey	Cllr Phil Waker
Cllr Maureen Worby	Cllr Mukhtar Yusuf	

### APOLOGIES FOR ABSENCE

Cllr Faruk Choudhury	Cllr Manzoor Hussain	Cllr Donna Lumsden
Cllr Olawale Martins	Cllr Giasuddin Miah	Cllr Glenda Paddle
Cllr Chris Rice	Cllr Emily Rodwell	Cllr Lee Waker
Cllr Sabbir Zamee		

#### 12. Declaration of Members' Interests

There were no declarations of interest.

#### 13. Minutes (25 May 2022)

The minutes of the meeting held on 25 May 2022 were confirmed as correct, subject to an amendment to show that Councillor Shaw was present.

#### 14. Minutes of Sub-Committees - To receive the minutes of the JNC Appointments, Salaries and Structures Panel held on 4 July 2022

The Assembly received and noted the minutes of the JNC Appointments, Salaries and Structures Panel held on 4 July 2022.

Arising from the recommendations, the Assembly **resolved** to approve the redesignation of the Director of Finance and Investment post to Strategic Director, Finance and Investment, at grade CO5 (£132,825) and the appointment of Philip Gregory to the permanent role.

## 15. 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:

- **Loss of Homes in Ballards Road area:** There had been a devastating fire in the Ballards Road area in the previous week which resulted in 14 homes being completely destroyed and many more families having to leave their homes. The Council had led the immediate response with the setting up a rest centre for those residents who were affected and had created a 'GoFundMe' page which had already received donations exceeding £35,000. The Leader took the opportunity to thank the emergency services for their swift response, Council staff and other volunteers who had provided support and to Steve Thompson, Managing Director of Dagenham and Redbridge Football Club and Nick Cavanagh of Londoneast UK for their contributions.

Village Ward Councillors also spoke on the incident and extended local residents' appreciation to the emergency services for their quick actions in evacuating residents, helping to save lives.

- **Heatwave:** During the unprecedented heatwave earlier in the month, Council employees continued to undertake their roles despite the heat, ensuring that residents received vital services such as refuse collection. Staff were supported throughout the heatwave to ensure their wellbeing.
- **Barking Riverside Station:** The new London Overground station in Barking Riverside was opened officially by the Mayor of London, Sadiq Khan, earlier in the week, providing essential access for residents and workers in the Borough.
- **Eastbrook Film Studios:** Work had begun on the Eastbrook Film Studios development which, once completed, would be the only site in London to have world leading media, data and film industries.
- **School Crossing Patrol Officers:** Schools would be offered financial support from the Council to appoint school crossing patrol officers from September. The financial support would be raised from the controlled parking zones, which would also fund highways works to the Borough.
- **Cost-of-Living Crisis:** The Deputy Leader and Cabinet Member for Community Leadership and Engagement was leading an initiative with the Councils equal partners in the voluntary sector to pool resources to offer people help ahead of the winter. The Leader and the Deputy Leader and Cabinet Member for Finance, Growth and Core Services would be holding a 'Leaders Live' session on 11 August 2022 where they would be answering residents' questions on the cost-of-living crisis;
- **Platinum Jubilee Celebrations:** More than 20,000 people enjoyed a weekend of free entertainment in the borough to celebrate Her Majesty's 70-year reign. Cockney knees-up, Beacon lighting and fireworks were just some of the highlights from the weekend; and



- **Pride Event:** The Council once again took part in the London Pride celebrations and the Leader announced that the Council was planning to hold its first ever Pride Event in Barking.

## 16. Appointments

Further to Minute 8 (ii) (25 May 2022), the Labour Group Secretary announced that Councillor Quadri had been appointed to the position of Chair of the Pensions Committee.

## 17. Treasury Management Annual Report 2021/22

The Cabinet Member for Finance, Growth and Core Services introduced the Treasury Management Annual Report for 2021/22 which set out the key areas of performance during the year.

The Cabinet Member alluded to the major, world-wide factors impacting the UK economy and commended the Council's prudent approach to borrowing and vigorous assessment of investment opportunities which, coupled with the excellent work of the Treasury Management team, had resulted in the Council outperforming its targets and benchmarks in a number of areas during 2021/22. Key highlights within the report included:

- Total treasury investments held at 31 March 2022 was £154.9m (2020/21: £210.12m);
- Total cash held at 31 March 2022 was £1.7m (2020/21: £29.0m);
- Total loans and equity held at 31 March 2022 was £148.3m (2020/21: £139.2m);
- Net General Fund Interest for 2021/22 was £3.4m above the projected level, with £1.9m transferred to the Investment Reserve and £1.4m offset against an underperformance in the Council's Investment and Acquisition Strategy (IAS);
- The Council's average treasury interest return for 2021/22 was 1.39%, which was 1.27% higher than the average London Peer Group return of 0.21%;
- The Council's average return on its commercial and property loans was 4.42% for 2021/22 (2020/21: 4.46%);
- Interest payable for 2021/22 totalled £37.3m (2020/21: £31.8m);
- The Council made £140.0m of long-term General Fund borrowing in 2021/22 at an average rate of 1.41% and an average duration of 44.4 years;
- The total long-term General Fund borrowing at 31 March 2022 was £720.5m (2020/21: £600.4m);
- The value of short-term borrowing at 31 March 2022 was £63.0m (2020/21: £67.5m);
- Total Council borrowing at 31 March 2022 was £1.276bn (excluding internal HRA borrowing of £35.9m) and was within the 2021/22 Operational Boundary limit of £1.7bn and Authorised Borrowing Limit of £1.8bn; and
- The Council operated within and complied with all treasury limits and Prudential Indicators during 2021/22.

In response to questions, the Cabinet Member advised that borrowing was likely to continue; however, it would be taken on a case-by-case basis as to whether projects were viable or not. The Cabinet Member further advised that short-term

borrowing was in relation to ensuring the smooth running of the Council.

In response to further questions, the Cabinet Member advised that the Council was confident of reversing the under-achievement against the Investment and Acquisitions Strategy; however it was noted that the Council was relying more on commercial income to achieve that aim due to delays in residential projects as a consequence of increasing costs and the ongoing impact of the Covid-19 pandemic.

The Assembly **resolved** to:

- (i) Note the Treasury Management Annual Report for 2021/22;
- (ii) Note that the Council complied with all 2021/22 treasury management indicators;
- (iii) Approve the actual Prudential and Treasury Indicators for 2021/22, as set out in Appendix 1 to the report; and
- (iv) Note that the Council borrowed £140.0m from the PWLB in 2021/22.

#### **18. Appointment of Parent Governor (Primary) and Church Representative (Church of England) Co-optees to the Overview and Scrutiny Committee**

The Acting Chief Executive introduced a report on the Parent Governor (Primary) and Church Representative (Church of England) co-optee positions on the Overview and Scrutiny Committee, which were currently vacant.

As stated in Part 2, Chapter 8 of the Council's Constitution and in accordance with the Education Act 1996 and the Local Government Act 2000, membership of the Overview and Scrutiny Committee should include co-optees to scrutinise education matters. Statutory co-optees have voting rights in respect of education matters only.

Nominations to fill the vacancies had been sought and one application for each position had been received.

The Assembly **resolved** to agree the following co-optee appointments to the Overview and Scrutiny Committee, for a term of four years:

- Sajjad Ali: Parent Governor (Primary); and
- Richard Hopkins: Church Representative (Church of England).

#### **19. Appointment of Statutory Scrutiny Officer**

The Acting Chief Executive introduced a report on the appointment of a statutory Scrutiny Officer.

The Council must designate one of its officers to discharge the functions of statutory Scrutiny Officer, as required under section 9FB of the Local Government Act 2000 (amended by the Localism Act 2011).

The Acting Chief Executive advised that the former Interim Director of Strategy and Culture had been the designated statutory Scrutiny Officer prior to leaving the Council. It was noted that the statutory Scrutiny Officer cannot be the Council's Head of Paid Service (Chief Executive), the Monitoring Officer (Chief legal Officer) or the Chief Financial Officer (Strategic Director, Finance and Investment).

Alex Powell would be joining the Council on 1 August 2022 as Interim Director of Strategy and it was proposed that he be designated as the Council's statutory Scrutiny Officer.

The Assembly **resolved** to agree to designate Alex Powell, Interim Director of Strategy, as the Council's statutory Scrutiny Officer with effect from 1 August 2022.

## **20. The Localism Act 2011 - Appointment of Independent Persons**

The Monitoring Officer introduced a report on the appointment of Independent Persons in accordance with the requirements of Sections 28(6) (a) & (b) and 28(7) of the Localism Act 2011.

It was noted that the Council must have at least one Independent Person to carry out an advisory role as part of its arrangements for investigating and determining complaints alleging a breach of the Councillors' Code of Conduct.

The Assembly was advised that the Monitoring Officer held the view that the new 2022 Council and the newly composed Audit and Standards Committee ought to have an opportunity to review the functioning of the Independent Persons and that the Committee would review, with the Monitoring Officer, the arrangements and in due course make a recommendation to the Council. As there was a statutory requirement for Independent Persons both for complaints against councillors and statutory chief officers staffing matters, it was necessary to offer the opportunity of retention until the Assembly meeting after Annual Assembly 2023 to the current Independent Persons and recruit in the event they vacate their office.

The Assembly **resolved** to:

- (i) Agree the continuation of the appointment of all the Council's current Independent Persons, those being Michael Carpenter; Dr. Gurpreet Singh Bhatia and Pastor Thomas Adeyemi Aderounmu, until the next Assembly meeting following the Annual Assembly in 2023 when it shall confirm appointments; and
- (ii) Invite the Audit and Standards Committee to consider and advise on the current arrangements regarding the Council's Standards regime.

## **21. Motions**

There were no motions.

## **22. Questions With Notice**

There were no questions with notice.



**ASSEMBLY****28 September 2022**

<b>Title:</b> Strategy for the Flexible Use of Capital Receipts 2022/23	
<b>Report of the Cabinet Member for Finance, Growth and Core Services</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> Yes
<b>Report Authors:</b> Philippa Farrell and Katherine Heffernan, Heads of Service Finance	<b>Contact Details:</b> E-mail: <a href="mailto:Philippa.Farrell@lbbd.gov.uk">Philippa.Farrell@lbbd.gov.uk</a> / <a href="mailto:Katherine.Heffernan@lbbd.gov.uk">Katherine.Heffernan@lbbd.gov.uk</a>
<b>Accountable Strategic Leadership Director:</b> Philip Gregory, Strategic Director, Finance and Investment	
<b>Summary</b>	
<p>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.</p> <p>In March 2016 the Secretary of State for Communities and Local Government issued guidance giving local authorities greater freedoms in relation to how capital receipts can be used to finance expenditure.</p> <p>The scheme has been extended several times, most recently by the Department for Levelling Up, Housing and Communities (DLUHC) for the financial years 2022/23, 2023/24 and 2024/25. There are clear requirements to use this flexibility.</p> <ol style="list-style-type: none"> <li>1. A strategy for the flexible use of Capital Receipts is published and approved by the Local Authority.</li> <li>2. A submission of this strategy is made to the DLUHC.</li> </ol> <p>Only projects that generate ongoing savings or increased income can be financed through this flexibility.</p> <p>This report and the Flexible Use of Capital Receipts Strategy 2022/23 at Appendix A were considered and endorsed by the Cabinet at its meeting on 20 September 2022.</p>	
<b>Recommendation(s)</b>	
The Assembly is recommended to:	
(i) Agree the Council's Strategy for the Flexible Use of Capital Receipts 2022/23, as set out at Appendix A to the report; and	

- (ii) Note that as a consequence of the new statutory guidance, only two transformation schemes were deemed to meet the revised criteria and that ongoing schemes no longer meeting the criteria shall be funded from alternative sources within the General Fund.

**Reason(s)**

To assist the Council to achieve its priority of creating A New Kind of Council.

## 1. Introduction and Background

### Legislation

- 1.1 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.
- 1.2 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. The Secretary of State for Communities and Local Government issued guidance in March 2016, 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.”*
- 1.3 This was extended in an amended direction in December 2017 by a further three years up to and including 2021/22.
- 1.4 On 4 April 2022, the Government extended the freedom for local authorities to use eligible capital receipts flexibly on qualifying revenue expenditure. Qualifying expenditure would need to meet the below requirements:
1. A strategy for the flexible use of Capital Receipts is published and approved by the Local Authority.
  2. A submission of this strategy is made to DLUHC.
- 1.5 The direction also includes a new requirement to submit the planned use of the flexibility in advance of use for each financial year. This condition can be met by sending the authority’s own strategy documents provided they contain the detail asked for in the direction. This is not an approval process, and authorities can still freely use the flexibility as before, but the information must be sent to ensure transparency and allow proper monitoring by central government’.

- 1.6 Only projects that generate ongoing savings or increased income can be financed through this flexibility.
- 1.7 As clearly outlined, there must be an Authority Strategy in place that is approved and then shared with DLUC. The Council published its original strategy in February 2021, as Appendix G of the Budget Framework 2021/22 report. The new Strategy is an update of this position and can be found at Appendix A.
- 1.8 Officers were made aware at the time that the Budget Framework report for 2022/23 was presented to Assembly in March 2022, that the scheme was to be extended again by the Government for the period 2022/23 to 2024/25. However, the statutory guidance supporting the extension had not been issued by the DLUHC and, therefore, it was not possible to present a Strategy for the Flexible Use of Capital Receipts 2022/23 as part of that report. We are presenting the new strategy now which is an update of this position and can be found at Appendix A. The Council published its original strategy in February 2021, as Appendix G of the Budget Framework 2021/22 report

### **LBBD's Approach to the Flexible Use of Capital Receipts**

- 1.9 At the initial granting of the powers for the flexible use of capital receipts, the Council created the Transformation Strategy to be funded from the flexible use of capital receipts. Several programmes which were assessed as delivering savings, changes in ways of working that would lessen demand, cost, or provide cost avoidance were identified and met the required criteria at the time. Many of these schemes have reached their conclusion.
- 1.10 At the time of the guidance issued in April 2022, two schemes have been assessed to still fall within the updated criteria for the flexible use of capital receipts. These schemes are outlined in paragraph 2.1 below. Both commenced in prior years and are forecast to complete in this financial year.
- 1.11 The DLUHC issued new statutory guidance in August 2022. The updated guidance provides clarification that the capital receipts used for transformation projects must only be from disposals where the authority does not still retain some direct or indirect control of the assets. This mean that councils can no longer use the income generated from asset sales to subsidiary companies to fund transformation projects. The tightening of the rules does not impact on the Council as there were no plans to fund transformation projects in this way.

## **2. Proposal and Issues**

- 2.1 In light of the latest guidance, each potential scheme has been re-evaluated based on activity within 2022/23. Only two projects in 2022/23 meet the updated criteria for flexible use of capital receipts, these being the Adult Services Direct Payment Review and the Adult Services Financial Assessment Review. These projects are anticipated to cost £114,000 in 2022/23 and to generate savings of £125,000. The cost of these projects will be financed by capital receipts.
- 2.2 Several other transformation projects no longer qualify as they do not generate ongoing revenue savings or cost/demand reduction in 2022/23. These projects are:

Project	Funding From	Funding Required
Development of new OD and wellbeing function under Dispersed Working including staff induction.	Corporate Management	97500
Feasibility study for future redevelopment of Roycraft House	Business Support Reserve/Corporate Management	30000
Internal comms resource to support Dispersed Working	Corporate Management	17000
System Development and Business Objects support:	Business Support Reserve	85,000
Data Analyst	Corporate Management	60,000
Multi-agency Safeguarding Review	Service	100,000
Scan it scrap it store it	Business Support Reserve	80,000
ERP	Business Support Reserve	1,200,000*

\* Expenditure to date on the ERP project is £1.2m. This will increase throughout the year.

2.3 Alternative sources of financing within the General Fund have been identified for these projects as outlined above. However, this does place additional pressure in-year. This in within current forecasts.

2.4 The Strategy for 2022/23 is set out at Appendix A.

### 3. Options Appraisal

3.1 Option 1: Approve the two schemes within the strategy

3.2 Option 2: Do not approve the strategy and note that the two schemes must either cease or be funded through alternative means.

### 4. Consultation

4.1 Consultation with the relevant Business Departments and the PMO have taken place in the creation of this strategy.

4.2 The proposals in this report were considered and endorsed by the Corporate Performance Group on 25 August 2022.

4.3 The Cabinet considered and endorsed the Flexible Use of Capital Receipts Strategy 2022/23 at its meeting on 20 September 2022.



## 5. Financial Implications

Implications completed by: Sandra Pillinger, Group Accountant

- 5.1 At present there are just two projects which meet the updated criteria for flexible use of capital receipts, these being the Adult Services Direct Payment Review and the Adult Services Financial Assessment Review. These projects are anticipated to cost £114,000 in 2022/23 and to generate savings of £125,000. The cost of these projects will be financed by capital receipts.
- 5.2 There are other projects which were previously badged as Transformation projects and were funded from capital receipts, but no longer qualify, as they do not generate ongoing revenue savings or cost/demand reduction. Alternative sources of financing have been identified for these projects.

## 6. Legal Implications

Implications completed by: Dr Paul Feild, Principal Governance and Standards Lawyer

- 6.1 This report seeks approval for continuance of the Council's flexible use of capital receipts scheme. This has been extended by the Government for a further three financial years 2022/23 to 2024/25.
- 6.2 Before the flexibility can be used the Secretary of State's guidance is that the full Council (Assembly) must approve and publish a strategy for the flexible use of Capital Receipts which is then submitted to the DLUHC. The said Department requires the Council's Strategy for openness; it does not actually have a veto and the Council can implement the strategy after its own approval.

### Public Background Papers Used in the Preparation of the Report:

- LGA Consultation Response "Proposals for the use of capital receipts from asset sales: 24th September 2013  
(<https://www.local.gov.uk/sites/default/files/documents/capitalisation-asset-sale-2c0.pdf>)
- Statutory Guidance on the Flexible Use of Capital Receipts (Updated)  
(<https://www.gov.uk/government/publications/final-guidance-on-flexible-use-of-capital-receipts/guidance-on-the-flexible-use-of-capital-receipts-updated>)

### List of appendices:

- **Appendix A** – Strategy for the Flexible Use of Capital Receipts 2022/23

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## Strategy for the Flexible Use of Capital Receipts 2022/23

### 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”*.

In response, the Secretary of State for Communities and Local Government issued guidance in March 2016, giving local authorities greater freedoms in relation to how capital receipts can be used to finance expenditure. This Direction allowed 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.”*

This was extended in an amended direction in December 2017 by a further three years up to and including 2021/22 to allow the continued flexible use of capital receipts for the above purposes. Further updated statutory guidance was issued by the Department for Levelling Up, Housing and Communities (DLUHC) in August 2022 which extended the scheme for the financial years 2022/23, 2023/24 and 2024/25.

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 flexibility to full Council (the Assembly). 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 in 2022/23. 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.

As referred to above, the scheme has been further extended for the financial years 2022/23, 2023/24 and 2024/25. There are clear requirements to use this flexibility.

1. A strategy for the flexible use of Capital Receipts is published and approved by the Local Authority.
2. A submission of this strategy is made to DLUHC.

The direction also includes a new requirement to submit the planned use of the flexibility in advance of use for each financial year. This condition can be met by sending the authority's own strategy documents provided they contain the detail asked for in the direction. This is not an approval process, and authorities can still freely use the flexibility as before, but the information must be sent to ensure transparency and allow proper monitoring by central government.

The recent detailed guidance clearly outlines that ongoing savings or increased income must be forecast because of the project funded by flexible use of capital receipts. This is a tightening of the guidance.

The Flexible Use of Capital Receipts Strategy for 2022/23 is set out below.

### **Flexible Use of Capital Receipts Strategy 2022/23**

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 taxpayer. 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.

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.”*

It has been clarified that ongoing savings or income must be forecast because of the project funded by flexible use of capital receipts

In 2022/23 the below schemes have been identified as within the Transformation Programme and therefore eligible to be funded from Capital Receipts. These fall within Adult Services.

### Adult Services

There is an improvement programme in Adult Services that is expected to improve services and provide savings through process improvements and increased income as shown below. Although the savings generated in this year are lower for the Direct Payments Project than anticipated spend, this is due to the savings being weighted in the early part of the project. There is an additional £24k of cost avoidance associated with this spend. Overall savings will exceed spend in this programme and ongoing changes to practices will embed cost reduction.

Project	Outcome	Funding Required	Savings Generated
Adults Direct Payment Review	Review of the Direct Payment process and Cases - this work has slipped into 2022/23. It should be noted savings of c£86k were made in the first year frontloading the savings. This process now focuses on the policy and well as the review.	86,000	75,000
Adults Financial Assessment Review Officer	Review of cases for Financial Assessment - embed improvements in process	28,000	50,000

### Programs that will now be funded from General Fund

There are several projects that formed the original Transformation programme and were funded from Capital Receipts. These programs have ongoing activity within 2022/23, although they have been deemed to fall outside out the revised criteria for flexible use of capital receipts due to not delivering ongoing savings because of 2022/23 spend. These programs are under way and General Fund funding has been identified. This will cause an additional pressure of £1,699,500 on the General Fund or need to be funded from reserves.

The ERP project was financed from the capital receipts flexibility in 2021/22. It is anticipated that expenditure in 2022/23 will be financed from the Budget Support Reserve. This is detailed below:

Project	Funding From	Funding Required
Development of new OD and wellbeing function under Dispersed Working including staff induction.	Corporate Management	97500
Feasibility study for future redevelopment of Roycraft House	Business Support Reserve/Corporate Management	30000
Internal comms resource to support Dispersed Working	Corporate Management	17000
System Development and Business Objects support:	Business Support Reserve	85,000
Data Analyst	Corporate Management	60,000
Multi-agency Safeguarding Review	Service	100,000

Scan it scrap it store it	Business Support Reserve	80,000
ERP	Business Support Reserve	1,200,000*

\* £1.2m is expenditure to date. This will increase as the year progresses.

### **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 for use in the Council's capital programme.

## ASSEMBLY

28 September 2022

<b>Title:</b> Motions	
<b>Report of the Acting Chief Executive</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> No
<b>Report Author:</b> Leanna McPherson, Principal Governance Officer	<b>Contact Details:</b> Tel: 020 8227 2852 E-mail: <a href="mailto:leanna.mcpherson@lbbd.gov.uk">leanna.mcpherson@lbbd.gov.uk</a>
<b>Accountable Strategic Leadership Director:</b> Fiona Taylor, Acting Chief Executive	
<p><b>Summary</b></p> <p>In accordance with paragraph 10 of Part 2, Chapter 4 of the Council Constitution, motions and amendments to motions on issues directly affecting the borough may be submitted to the Assembly to be debated and voted on. For information, attached at <b>Appendix 1</b> is the relevant extract from the Council's Constitution relating to the procedure for dealing with Motions with Notice.</p> <p>One motion has been received in accordance with the Council's procedure rule, titled, 'Cost-of-Living Crisis' and is attached at <b>Appendix 2</b>.</p> <p>The deadline for amendments to the motion was noon on Friday 23 September 2022.</p>	
<p><b>Recommendation(s)</b></p> <p>The Assembly is asked to debate and vote on the motion and any amendments proposed.</p>	

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

**List of appendices:**

- **Appendix 1** – Extract from the Council Constitution, Paragraphs 10, 11 and 12 of Part 2, Chapter 4.
- **Appendix 2** – Cost-of-Living Crisis

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## 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 Chief Legal Officer as appropriate, the motion is accompanied by a report from the Chief Financial Officer or the Chief Legal Officer, 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.

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**Proposed by Cllr Saima Ashraf**

**Motion – Cost-of-Living Crisis**

The United Kingdom is in the grips of a cost-of-living crisis. Inflation is at 9.9%, the highest level for a generation, while wages today are broadly the same as they were in 2008. Fuel costs, supply chain issues, labour shortages and the Russian invasion of Ukraine have all pushed up prices for families. Even with the Government's proposed two-year cap on average energy costs from October 2022, households will still be paying double what they were in October 2021.

The number of Barking and Dagenham residents attending foodbanks, Community Food Clubs and the Homes and Money Hubs has been increasing throughout the year. We expect more people to require assistance from the Council and its community partners through the winter and beyond.

The Government provided some funding in May 2022 for local authorities to provide discretionary payments to help households with the rising cost of living and energy costs. However, more funding is urgently required to continue these schemes and also to provide additional help to our community partners who are doing crucial work on the frontline throughout this cost-of-living crisis.

The community and faith groups who are running schemes and initiatives that are helping people when they need support the most are also facing rising costs and are affected by energy price rises. The Government needs to provide local authorities with extra funding to help these groups to continue their important work in the community.

Last year, bonuses paid out to bankers in the City reached their highest levels since 2007, before the financial crash, and this trend is set to continue.

In light of the City's banking sector enjoying booming bonuses while families struggle to make ends meet, and our community partners struggle to meet both rising demand and rising costs, this Assembly calls on the Chancellor of the Exchequer to introduce a tax on bankers' bonuses. This Assembly asks that income raised from this Bonus Tax is ringfenced for local authorities to spend on discretionary payments to hard-pressed residents and hard-working community partners.

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