

Notice of Meeting

ASSEMBLY

Wednesday, 22 February 2012 - 7:00 pm
Council Chamber, Town Hall, Barking

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

Chair: Councillor N S S Gill
Deputy Chair: Councillor E Kangethe

Date of publication: 14 February 2012

Stella Manzie
Chief Executive

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AGENDA

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

In accordance with the Council's Constitution, Members are asked to declare any personal or prejudicial interest they may have in any matter which is to be considered at this meeting. Members are reminded that the provisions of paragraph 12.3 of Article 1, Part B in relation to Council Tax arrears apply to the "Budgetary Framework 2012/13" report at item 10.
3. **Minutes - To confirm as correct the minutes of the meeting held on 7 December 2011 (Pages 1 - 11)**
4. **Appointments - Housing Forum Membership (Pages 13 - 15)**
5. **Councillor Louise Couling (Pages 17 - 18)**
6. **Annual Report of the Barking and Dagenham Youth Forum 2011/12 (Pages 19 - 38)**
7. **Response to Petition - Markyate Library (Pages 39 - 42)**
8. **Appointment of Monitoring Officer (Pages 43 - 45)**

9. **Statement of Priorities 2012/13 (Pages 47 - 58)**
10. **Budget Framework 2012/13 (Pages 59 - 106)**
11. **Treasury Management Strategy Statement 2012/13 (Pages 107 - 146)**
12. **Adoption of Joint Waste Plan and Local Development Framework Proposals Map (Pages 147 - 151)**
13. **Barking Station Masterplan Supplementary Planning Document (Pages 153 - 165)**
14. **Adoption of Supplementary Planning Documents - Biodiversity, Trees and Development and Residential Extensions and Alterations (Pages 167 - 173)**
15. **Confirmation of Article 4 Direction for Houses in Multiple Occupation (Pages 175 - 181)**
16. **Motions (Pages 183 - 185)**
17. **Leader's Question Time**
18. **General Question Time**
19. **Any other public items which the Chair decides are urgent**
20. **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.***

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

MINUTES OF ASSEMBLY

Wednesday, 7 December 2011
(7:00 - 8:15 pm)

PRESENT

Councillor N S S Gill (Chair)
Councillor E Kangethe (Deputy Chair)

Councillor S Alasia	Councillor J L Alexander
Councillor A Gafoor Aziz	Councillor R Baldwin
Councillor G Barratt	Councillor E Carpenter
Councillor J Channer	Councillor J Clee
Councillor J Davis	Councillor R Douglas
Councillor C Geddes	Councillor R Gill
Councillor D Hunt	Councillor M Hussain
Councillor A S Jamu	Councillor I S Jamu
Councillor E Keller	Councillor G Letchford
Councillor M A McCarthy	Councillor J E McDermott
Councillor D S Miles	Councillor M Mullane
Councillor E O Obasohan	Councillor J Ogungbose
Councillor B Poulton	Councillor H S Rai
Councillor A K Ramsay	Councillor L A Reason
Councillor L Rice	Councillor T Saeed
Councillor A Salam	Councillor S Tarry
Councillor G M Vincent	Councillor J Wade
Councillor L R Waker	Councillor P T Waker
Councillor J R White	Councillor M M Worby

APOLOGIES FOR ABSENCE

Councillor S Ashraf	Councillor P Burgon
Councillor L Butt	Councillor H J Collins
Councillor L Couling	Councillor M McKenzie MBE
Councillor T Perry	Councillor C Rice
Councillor D Rodwell	Councillor L A Smith
Councillor D Twomey	

41. Declaration of Members' Interests

There were no declarations of interest

42. Minutes (14 September 2011)

The minutes of the Assembly meeting held on 14 September 2011 were confirmed as correct.

43. Death of former Councillors George Brooker OBE and Sidney Kallar MBE

Members paid tribute to former Councillor George Brooker OBE who passed away

on 21 September 2011 and to former Councillor Sidney Kallar MBE who passed away on 31 October 2011.

Members noted Mr Brooker's ability to put coherent political arguments and to use that ability not to make those arguments personal. He was remembered as a great servant of the Labour Party; a great man, who had faced many hardships as a young person, and who, as a Councillor, had been prepared to make unpopular decisions but always in the belief that what he did was in the best interests of the residents of the Borough.

Members noted Mr Kallar's tireless work on the regeneration of the Borough, particularly Barking Town Centre and the creation of the Dagenham Business Centre, which it was noted had opened on the day that he had passed away. He was remembered for his open mindedness and foresight, and his work on improving the employment prospects of the residents of the Borough.

Members acknowledged the contributions of both Mr Brooker and Mr Kallar to the Borough, particularly with regard to the whole concept of Barking Riverside and noted that both gentlemen would be greatly and sadly missed.

The Assembly stood and observed a minute's silence in their memory.

44. Revised Schedule of Cabinet Portfolios

Assembly received and noted a report presented by the Chief Executive in the absence of the Leader of the Council, which set out details of Cabinet Members and their revised portfolios.

45. Appointments

Assembly **noted** the appointment by **Councillor P Waker, Cabinet Member for Housing** of **Councillors McDermott and Carpenter** to the Registered Provider Forum.

Assembly **agreed** the appointment of:

Councillor L Waker to the **Living and Working Select Committee** and

Councillor J Davis to the **Safer and Stronger Select Committee**.

As a result of portfolio changes reported under the previous agenda item, Assembly noted that **Councillor Geddes** had by virtue of his position as portfolio holder for Regeneration, become a member of the Development Control Board but that as a Thames Ward Councillor he would be unable to act in a dual capacity as **Councillor Poulton** was the appointed Thames Ward representative on the Board.

In order for **Councillor Poulton** to remain as a member of the Board, **Councillor Carpenter** moved (seconded by **Council IS Jamu**) that the Council Constitution (Article 6A – The Development Control Board) be amended in the following terms:

Paragraph 3.1 – 17 members (one per ward) ~~including~~ **plus** the

Cabinet Member for Regeneration.

Assembly **agreed** the amendment as moved.

46. Response to Petition - The Broadway

(The Chair agreed that this item could be considered at the meeting as a matter of urgency under the provisions of Section 100B(4)(b) of the Local Government Act 1972.)

Assembly received and noted the terms of a petition presented by the Lead Petitioner, Ms Karena Johnson, requesting that the Council reconsider proposals to end its grant to the Broadway Theatre Trust as one of the savings options being considered as part of the 2012/13 budget round.

Ms Johnson stated that cutting the entire grant to The Broadway from 1 April 2012 would be a tragedy for the Borough as it was a growing organisation that delivered well against the Council's regeneration ambitions. It had brought into the Borough approximately an additional £500,000 in earned and grant income and she considered the saving of £65,000 in 2012/13 as extremely short sighted of the Council.

Ms Johnson referred to the Broadway having maintained quality of work during the past year in the face of the 2011/12 £100,000 grant cut and had been expecting a grant cut in 2012/13 of £65,000. By cutting the grant completely, she said that the ground work that had been laid with key funders such as Arts Council England and Heritage Lottery would be undone, as would the growing reputation of the Broadway with audiences from both inside and outside of the Borough. Ms Johnson went on to say that there was now insufficient time to explore different funding sources, and further noted that:

- 45,000 people visited the Broadway last year, more than in any previous years, and more than had visited many of the Borough's libraries;
- the Broadway was award winning;
- it had been included as a national portfolio organisation by Arts Council England in recognition of new audiences it had been reaching and for giving access to arts as participants;
- the Broadway was a success story; the only desirable night time activity in Barking Town Centre and was highlighted as an attraction in the Council's campaign for greater business investment in the area;
- closure would remove local employment and volunteering opportunities;
- £3 could buy a performance that could inspire and educate and enable social time for some of the Borough's most isolated residents.

Ms Johnson urged the Council to reconsider the proposal and recognise the true cost of what would be lost.

The Chair invited Mr Mike Mulvey, Chair of the Broadway Trust, to speak.

On behalf of the Trust, Mr Mulvey urged the Council to reconsider the proposal. He stated that professional performances had increased by 25% and that the number of people who had come to see those performances had increased. He

accepted that the budget had to be reduced by £65,000 but felt that the Trust was still the best organisation to run the Theatre as it had the confidence of the Arts Council England and the Heritage Lottery, as well as Barking & Dagenham College who were provided with a professional theatre environment.

Assembly then received the response to the petition introduced by Anne Bristow, Corporate Director for Adult and Community Services (CDACS).

The CDACS advised that as well as the petition, a number of letters had been received from individuals and that responses would be sent to those who had provided addresses.

She stated that as part of last year's budget setting, savings for the current financial year and the financial year 2012/13 had been agreed and that it would not be possible for those agreed savings to be reconsidered. She further stated that the Theatre Trust had indicated that the confirmed savings for 2012/13 would put them in a position where they would not be able to run the Theatre.

The CDACS said that the hard work of the Theatre Trust was recognised but that residents had indicated that as well as the ticket costs, the programme was not what they would like to see. She referred to the Safer and Stronger Select Committee meeting of 9 November 2011 at which Committee Members had accepted the principle of the savings proposal but had recommended that Cabinet consider options for retaining performing arts at the venue. Members of the Select Committee had further indicated that for many residents in their wards, the prices charged by the Broadway were beyond their reach.

The CDACS advised that arts organisations across the country were facing particularly difficult times but that it was important that the Borough continued to provide opportunities for our young people in these austere times.

It was noted that the Council is in discussion with all partners to consider other business models for delivering a performance and participatory arts programme at the venue should Cabinet agree to the proposed saving.

Following questions from Members, Ms Johnson advised that:

- Ticket prices ranged from £3 to £19.50, averaging £8.13 across that range;
- Audiences increased by 25% last year;
- The shows were targeted to audiences and work was continuing on increasing the ticket yield;
- The theatre had been working with the Young Vic, Birmingham Rep and young artists in the Borough;
- The theatre was aware of the need to ensure that ticket prices were accessible;
- If the grant was reduced in the sum that had been expected, this would give the theatre a period of time to investigate alternative funding;
- On average 5,000 young people had used the theatre, through the theatre's contact with all the Borough's schools, a nurseries and under fives programme and the students of Barking & Dagenham College.
- Tonight was the opening night of the pantomime and two of the Barking & Dagenham College students were working on the crew.

In the absence of Councillor Collins, Cabinet Member for Culture, Leisure and Sport, Councillor R Gill, Deputy Leader of the Council, responded to the petition.

Councillor Gill thanked the Petitioners for the manner in which they had presented their case and stated that the Council recognised the benefits the theatre provided. He referred to government cuts whereby the Council's budget had been reduced by 28%, which had resulted in many difficult decisions having to be made, but stated that frontline services had to be protected. He acknowledged that a number of local people felt strongly about the future of the theatre and confirmed that all individual letters would be responded to where addresses had been provided.

Councillor Gill advised that:

- ❖ funds had been set aside to ensure that the theatre remained open, to enable it to continue to be used by the performing arts students of Barking & Dagenham College for their rehearsals and performances;
- ❖ the Council was committed to ensuring that key elements of the current programme such as the youth theatre and the annual pantomime would continue;
- ❖ the Council wanted to see a programme of participatory arts activities and use of the theatre by schools, community and amateur dramatic groups;
- ❖ the decision with regard to funding would be considered at the Cabinet meeting on 14 December.

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

47. Extension of term of an Independent Member of the Standards Committee

Assembly received a report presented by the Monitoring Officer seeking an extension to the term of an Independent Member of the Standards Committee.

Assembly **agreed**:

1. to waive paragraph 11.5 of Article 7 of the Council Constitution; and
2. to an extension to the term of office of Mr Frank Dignan, Independent Member of the Standards Committee to 30 June 2012 or until such time as the Standards regime was implemented, whichever was the sooner.

48. Motions

None.

49. Leader's Question Time

In the Leader's absence, no questions were presented.

50. General Question Time

General Question¹ from Councillor Wade:

"A new campaign to raise awareness of the early signs and symptoms of dementia has been launched by the Department of Health. The £2 million campaign will feature TV, radio and print ads.

The campaign aims to encourage more people to seek an early diagnosis of dementia. It targets the family and friends of people at risk of dementia, who are likely to be the first to see the signs and can encourage their loved one to see their GP.

- What measures will the Council and its partners have in place to respond to the possible increased take-up of services as a result of the campaign?
- How else are dementia services currently being improved for Barking and Dagenham residents?"

Response from Councillor Worby, Cabinet Member for Health:

"Thank you for asking this question.

Colleagues may know that this national campaign was launched on 7 November by the Department of Health and the Alzheimer's Society and the ads have been appearing regularly on TV.

It is a campaign that we, the Council, and our Health partners very much welcome.

We know from our Joint Strategic Needs Assessment that there is hidden need in our community at the moment, where people have the onset of dementia but do not always get the diagnosis or the help that they need. We hope that this campaign will help family members and friends recognise the signs and make sure that their loved ones take the first steps to get the services they need.

We are confident that our services can manage any increased demand as a result of the campaign.

We have been working closely with GPs, the health sector and the voluntary sector to provide effective services for people with dementia.

In Barking and Dagenham, if you are diagnosed with dementia, your GP can refer you to the Memory Clinic which NELFT run. The Memory Clinic provides expert assessments by doctors and other specialists. They will recommend treatment which aims to help the person with dementia remain independent in the community, and also organise other services if needed, including support for carers.

If you have dementia you may also receive support from Admiral Nurses who are mental health nurses specialising in dementia. They work with other professions to improve the quality of life of people with dementia and also that of their carers.

Family carers do a tremendous amount to support their loved ones during the course of this distressing illness, so it is particularly important we offer them good support, information and timely breaks from caring. The Council funds a whole

range of services that are delivered by Carers of Barking and Dagenham on our behalf. For example, carers can be supported by the full time Dementia Adviser based at Carers of Barking and Dagenham. The Dementia Adviser can visit you at home, or you can contact Carers of Barking and Dagenham by phone or just drop in.

We know that people use this service and, in fact, Carers of Barking and Dagenham have reported an increase in contact from carers of people with dementia following the launch of this dementia campaign. Carers of Barking and Dagenham have managed the increase in demand for the service effectively.

The Council have also commissioned Carers of Barking and Dagenham to run Memory Lane Resource Centre which offers a wide range of activities during the day for residents with dementia. They also run a support group and monthly events for carers.

We recognise that people with dementia are amongst the most vulnerable of our residents. So we have 12 specially trained Council carers who support residents with dementia in their own homes. We also make sure that the home care agencies we use have carers who are trained in working with people with dementia.

We have a dementia specific Extra Care scheme called Fred Tibble Court and, of course, Kallar Lodge, our excellent residential care home for people with dementia.

I would like to thank Councillors Phil Waker and Linda Reason for the work they have done in helping to create new housing for people with dementia. On 1 March 2012 we will begin work on Fews Lodge (which is right next door to Kallar Lodge) to adapt the building to provide 13 new homes which will be ready next autumn for residents with dementia.

NHS ONEL has also commissioned a Collaborative Care team for Barking and Dagenham residents. This team works closely with our local hospitals to identify older residents who are admitted for treatment, but may also have dementia. They will also work closely with the Older Adult Mental Health team to make sure that older residents get all the help they need when they leave hospital.

In conclusion, we can be proud of the services we have but we should not be complacent as there is always more we can do to support those who suffer from this very distressing condition and their families."

General Question 2 from Councillor Alasia:

"In the current economic context, you might have thought that enrolments at the Council's Adult College would have fallen this autumn. There are fewer free courses and, with increasing unemployment, residents have less money to pay for adult education.

- How do enrolments at the Adult College of Barking and Dagenham

compare to this time last year?

- Are there any significant shifts in enrolments compared to this time last year and what are the reasons for any changes?
- Are there any particular success stories at the Adult College this autumn?"

Response from Councillor Geddes, Cabinet Member for Regeneration:

"Thank you for this question.

Learner numbers are up 12% compared to the same time last year, with the current number of learners at nearly 3,000 against just over 2,500 at this point last year.

Furthermore, this year learners are enrolling for slightly more courses than before – with more learners opting to study two or three courses instead of just one.

As such the college has added more courses, notably in Business Studies, IT, ESOL and Health and Social Care.

There are small, but significant changes in learner demographics. There's been a slight move away from the gender imbalance with more males becoming learners. More noticeable is that the learners are tending to be younger and almost all learners are in the 'core' working age years with significant increases in the under 55 age range.

It is speculation at present as to what's behind these changes, but my interpretation of the facts that there are more learners, that they are studying more courses, especially courses which help employment skills and that the learners are increasingly of working age, suggests that the people of Barking and Dagenham are responding to the international economic problems and the admission last week that our domestic Government's economic policies have failed, by working even harder to make themselves resilient to the economic downturn and maximize their chances of finding or maintaining jobs.

The most recent exam results featured some particular successes, most notably in Customer Services, Counselling and Health and Social Care.

I am delighted to report one particular learner's success story, though I am sorry to say I do not have a note of the student's name. This was from Entry Level (below GCSE grades D-G) to A level (Level 3).

Due to her outstanding coursework and exam results from ESOL status to level three she has been selected to receive the Dermalogica Student Partnership programme Student of the Year Award, a prestigious national award in the beauty business. She is currently on Level 3 Beauty Therapy, which she is due to complete in July 2012.

The college has demonstrated that it has a great past and a great present and it is important that we do what we can to ensure it has a great future.

General Question 3 from Councillor Carpenter:

“What arrangements have Barking and Dagenham Council in place to help our elderly people and other vulnerable adults cope with a harsh winter?”

Response from Councillor Reason, Cabinet Member for Children and Adult Services:

Thank you for raising this question. As you know the Council has an excellent reputation for providing care and support to the most vulnerable.

As well as our usual services we will be providing extra help over the winter period and I will ask the Divisional Director of Adult Social Care to provide you with a full report, but I can report that:

1. Together with the NHS we will be increasing support for people at home, and to get people home from hospital. The NHS are increasing intensive therapy, which is aimed at preventing people being readmitted to hospital.
2. We have bid for extra funding from government to support voluntary organisations to do things like clear driveways, deliver food parcels and phone people to check they are okay. It will also provide help with insulating homes.
3. George Crouch Day Care Centre will be open between Christmas and New Year and Rush Green Active Age Centre will open on Friday 30 December 2011.
4. We will be providing a telephone ‘check up’ on the most vulnerable people to check they are safe and well. There are many isolated older people who don’t see family and friends over Christmas.
5. Some faith communities have opened up to offer Christmas lunch to vulnerable people in the community and the voluntary sector including Carers of Barking and Dagenham, Harmony House and the Volunteer Bureau are laying on extra support over the winter period.
6. We know that older and vulnerable people can be lonely and isolated and at risk of abuse over the winter. The Council will be raising awareness and encouraging the community to report any concerns so we can take action to protect people if necessary.

All of these actions that we are taking also apply to the Borough's looked after children and I am happy to provide any further information to you on this."

General Question 4 from Councillor Tarry:

"Could the Cabinet Member for Finance and Education please provide an update on demand for school places in Barking and Dagenham and capital funding?"

Response from Councillor R Gill, Cabinet Member for Finance and Education:

"This question has received considerable publicity over the last few months, so thank you for raising it here.

Demand for school places in the Borough continues to grow at amongst the fastest rate in the country. This year we created an additional 550 reception places and then accommodation for a further 180 children who made late applications or moved into the borough over the summer.

All evidence indicates this is set to continue and the demand will hit secondary schools in the next two years where we will need another 34 forms of entry over the next five years to cope with demand for children already in our primary schools.

We will also require additional sixth form and special school places – otherwise we will have to rely increasingly on very high cost out-borough provision.

The overall investment need is estimated at just over £50 million per year for the next five years to cover both demand for school places and keeping the estate in good repair. I can break the £50 million figure down even further, as to £40 million for basic needs and £10 million for condition.

This year we have received a total £42 million from the government to cover mainly basic need and a small amount of condition. As part of this we received the highest per capita allocation for the additional basic need funding announced in November of £23.9 million. The Chancellor has just announced a further £600 million basic need funding for areas in the greatest need and we will be campaigning intensely for a share of this funding.

In addition, we have been awarded £47 million for the rebuilding/ refurbishment of Dagenham Park Church of England School and Sydney Russell School as part of the former BSF programme.

The only funding we can expect with any confidence next year is the £14.3 million basic need plus a sum for condition (£3.8 million). Hence the need to continue to lobby for more funding than received this year.

We are exploring different options for funding and have three bids in for Pfl funding for Eastbrook, Eastbury and Barking Riverside secondary schools. The outcome of these bids is expected later this month or early in January 2012.

We have had to convert a number of office blocks - the Westbury Centre and St. George's Centre - to school accommodation.

I should like to thank Councillors McCarthy and Geddes for the fantastic work that is being done on the Skills Centre. All of this work shows the commitment of this

Labour Council to the young people of this Borough.

It is important to note that capital funding provides jobs for our local people. In the last twelve months we have had visits from Government Departments – the Department for Education and HM Treasury. People are interested in the work we are doing here. We have to provide school places for our young people and we have seen movements in the population with many people moving into Barking and Dagenham. As a Labour Council we are fully committed to lobbying for our residents in these tough and difficult times."

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ASSEMBLY

22 FEBRUARY 2012

Title: Membership of Housing Forums	
Report of the Cabinet Member for Housing	
Open report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Sue Devitt, Group Manager, Housing Services	Contact Details: Tel: 020 227 5702 E-mail: susan.devitt@lbbd.gov.uk
Accountable Divisional Director: Ken Jones, Divisional Director of Housing	
Accountable Director: Darren Henaghan, Corporate Director of Housing and Environment	
Summary: The Assembly is asked to consider making councillor appointments to the newly established Housing Forums on the basis as set out in the report.	
Recommendation(s) Assembly is recommended to appoint all Councillors to their respective Forum and nominate those listed in the tables as the Council's formal Board members with voting rights.	
Reason(s) The appointment of councillors on to 'outside bodies' is the responsibility of the Assembly.	

1. Introduction and background

- 1.1 At its meeting on 10 May 2011, the Cabinet agreed the implementation of a new tenant involvement framework designed to promote new and improved opportunities for Borough residents to participate in activities which generated pride and ownership of the area where they lived and to contribute to the development of community capacity and empowerment. This new framework replaced the former Community Housing Partnership structure.

2. Proposal

- 2.1 Over the following six months the detailed arrangements for the new framework were developed and the inaugural meetings of the Barking Housing Forum and the Dagenham Housing Forum were held in the week beginning 30 January 2012 to

consider, amongst other things, the terms of reference and membership details. The formal Board membership (i.e. those with voting rights) of each forum consists of 2 x Tenant representatives via the Tenants Federation, 1 x Leaseholder via the Leasehold Forum, 7 x Active tenant representatives of local organisations (not necessarily members of the Tenant Federation) plus 1 Councillor from each Ward within the Forum area.

- 2.2 For the purposes of ‘approved duties’ all Councillors shall be members of their respective Forum. The Councillors listed below are proposed as the formal Board Member (with voting rights) for each ward:

Barking

Cllr Laila Butt	Abbey
Cllr Rob Douglas	Becontree
Cllr Jim McDermott	Eastbury
Cllr Chris Rice	Parsloes
Cllr Nirmal Gill	Longbridge
Cllr Dee Hunt	Mayesbrook
Cllr Barry Poulton	Thames
Cllr Emmanuel Obasohan	Valence
Cllr Dominic Twomey	Gascoigne

Dagenham

Cllr John Davis	Alibon
Cllr Jeff Wade	Chadwell Heath
Cllr Tony Ramsay	Eastbrook
Cllr Graham Letchford	Goresbrook
Cllr Dave Miles	Heath
Cllr Eileen Keller	River
Cllr Margaret Mullane	Village
Cllr Tony Perry	Whalebone

3. Options Appraisal

- 3.1 Not applicable to this report

4. Consultation

- 4.1 Consultation workshops have previously been held with residents and subsequent presentations to the former Community Housing Partnership Meetings have informed the final framework put forward.

5. Financial Implications

Implications completed by: David Abbott, Principal Accountant
Telephone and email: 020 8227 2261 david.abbott@lbbd.gov.uk

- 5.1 As an “approved duty” councillors will be entitled to claim reasonable expenses for attendance at Housing Forum meetings, the costs of which can be contained within existing budget provisions.

6. Legal Implications

Implications completed by: Paul Feild, Senior Lawyer
Telephone and email: 020 8227 3133 paul.feild@lbbd.gov.uk

- 6.1 The proposals to establish two new Housing Forums support the objective of improving arrangements for both community consultation and involvement in the light of the Localism agenda and the Housing and Regeneration Act 2008 which has placed increased emphasis on providing all tenants with the opportunity to influence the way in which their homes are managed.

7. Other implications

- 7.1 Not applicable to this report

Background Papers:

- Report and Minute entitled “Housing Resident Involvement and Empowerment”, Cabinet 10 May 2011

List of appendices:

None

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ASSEMBLY

22 February 2012

Title: Councillor Louise Couling – non attendance at designated meetings	
Report of: Stella Manzie, Chief Executive	
Open	For Information
Wards Affected: Goresbrook	Key Decision: No
Report Author: John Dawe, Group Manager, Democratic Services	Contact Details: Tel: 020 8227 2135 john.dawe@lbbd.gov.uk
Accountable Divisional Director: Tasnim Shawkat, Divisional Director, Legal & Democratic Services	
Accountable Director:	Stella Manzie, Chief Executive
Summary	
<p>Councillor Couling has not attended a designated Council meeting since the Assembly on 12 January 2011.</p> <p>Section 85 of the Local Government Act 1972 provides that if a Member fails throughout a period of six consecutive calendar months from the date of their last attendance to attend any meeting of the authority, they cease to be a Member of the Council with immediate effect, unless the failure was due to some reason approved by the Assembly before the expiration of the period. This provision is set out in the Council's Constitution.</p>	
Recommendation	
<p>The Assembly is asked to consider in the light of the long period of absence whether it is appropriate to allow a further period of dispensation to Councillor Couling.</p>	
Reasons	
<p>To accord with legislative requirements.</p>	

1. Introduction and background

- 1.1 I initially reported to the Annual Assembly in May 2011 and then subsequently to the meeting in September 2011 that Councillor Couling was experiencing poor health including a period of hospitalisation, with a diagnosis that she would remain incapacitated for the foreseeable future. As a result the Assembly granted initially a dispensation for a period of four months and then subsequently for a further period of five months, on the basis of reviewing the position at this meeting.

2. Proposal

- 2.1 Councillor Couling still remains in poor health and that there is little likelihood of her being able to resume her councillor duties in the foreseeable future. In view of this and having regard to the terms of the legislation, it is necessary to consider whether a further period of dispensation should be granted

3. Options appraisal

- 3.1 If it is decided not to grant a further period of dispensation then Councillor Couling will cease to be a Member of the Council and a vacancy will be created in the Goresbrook ward, with the potential for a subsequent by election at a future date.

4. Consultation

- 4.1 Not applicable for this report

5. Financial Implications

Implications completed by: David Abbott, Principal Accountant / Tracie Evans, Corporate Director of Finance and Resources.

- 5.1 Although no provision is made to fund a potential by-election it is anticipated that the overall costs can be met from within existing budget provisions.

6. Legal Implications

Implications completed by: Tasnim Shawkat, Divisional Director, Legal and Democratic Services.

- 6.1 Section 85 of the Local Government Act 1972 makes provision for the vacation of elected office through failure to attend Council and other designated meetings.

7. Other Implications

- 7.1 Not applicable for this report

Background Papers Used in the Preparation of the Report:

- Local Government Act 1972

List of appendices:

None

ASSEMBLY

22 February 2012

Title: Annual Report of the Barking and Dagenham Youth Forum	
Report of: Divisional Director, Targeted Support	
Open	For Information
Wards Affected: All	Key Decision: No
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Summary	
This report provides a summary of the work of the Barking and Dagenham Youth Forum (BAD Youth Forum) during 2011.	
Recommendation	
The Assembly is recommended to continue to provide member support for the Forum and its associated campaigns, particularly in relation to anti-bullying and sexual and reproductive health.	
Reasons	
<p>The work of the BAD Youth Forum forms a fundamental part of the Council's Engagement Strategy. It seeks to influence policy and service delivery by ensuring that the views of young people are heard and acted upon. By involving young people in shaping Council services we are helping to make sure that services are appropriate and meet their needs: this has an impact on the effectiveness of services, thus providing better value for money.</p> <p>The work of the Forum also helps to develop the communication, social and leadership skills of the young people involved: through their activities the young people learn how to participate in a democracy. The Forum is therefore helping to grow future political leaders.</p> <p>Specifically, the Forum supports the Council's Policy House in relation to:</p> <ul style="list-style-type: none"> • Better Together – a borough with low levels of anti-social behaviour, and where residents support authorities in getting problems solved; • Better Together – a borough where people feel involved, and feel included, in the decisions that affect them; • Better Together – a borough with a range of positive activities for young people; • Better Together – a borough that safeguards, children, young people and adults; • Better Health and Wellbeing – a borough which meets the needs of disabled children, young people and adults. 	

1. Introduction and Background

- 1.1 The BAD Youth Forum is now in its tenth year. Each year, sixty young people aged 13-19, are elected from all secondary schools and a selection of youth groups in the Borough.
- 1.2 In 2011, the Youth Forum selected the three issues that it considered impacted the most on the lives of young people living in the Borough. The selection process took into account the views expressed by all young people who voted on the Forum's Election Day by collecting information from a short questionnaire on the back of the ballot papers.
- 1.3 Sub groups were consequently set up to work on crime, leisure and education. Another sub group was established to enable the Council and external partner organisations to consult with the Forum. The young people worked on a range of projects within these four sub-groups.
- 1.4 The Barking and Dagenham UK Youth Parliament (UKYP) representatives were also elected from the BAD Youth Forum. These representatives, known as Member of Youth Parliament and Deputy Member of Youth Parliament, attended monthly regional meetings. They recently attended an annual UKYP debate in the House of Commons.

2. Proposals and Issues

Outline of the Work of the Sub-groups

2.1 Crime

This group worked on an anti-bullying project, designed to help young people identify and deal with bullying. It provided information and a range of techniques on how to cope with bullying: it encouraged young people to seek support if they were being bullied. It also provided information about personal safety

In order to fund the project, the chair of the sub-group applied for and secured O2 'Think Big' funding of £400. This enabled the Youth Forum members to be trained by Kidscape, an anti-bullying charity, so that they could deliver training to young people themselves. The resulting workshop was delivered to five schools and the Pupil Referral Unit, reaching approximately one hundred and fifty young people.

The group also reviewed all secondary school anti-bullying policies: it made recommendations as to how the policies could be more effective and pupil friendly. These recommendations will form part of the Director's next report to school governors.

2.2 Leisure

This group focussed on reviewing local youth centres: the aim was to raise the profile of youth centres in the Borough and to publicise the activities/facilities on offer to young people. The young people developed criteria and a comprehensive set of questions to ask both youth workers and young people attending the centres, thus ensuring a true reflection of the youth club. The young people will publish this

information on the Council website and the Youth4Us/ Streetbase micro-sites, as well as via a press release.

2.3 Education

This group focused on sexual and reproductive health. They developed a sexual health workshop which was delivered to five youth groups throughout the Borough. Each group gave very positive feedback. The workshop included information about relationships, sexually transmitted infections and contraception. It gave young people the opportunity to:

- participate in a condom demonstration, with and without 'beer goggles': this is a resource which helps young people understand the impact of being drunk;
- try on a 'pregnancy belly': this is a resource which helps young people gain an understanding of how it physically feels to be pregnant;
- participate in an interactive quiz, to increase their awareness of sexual and reproductive health.

2.4 Consultation

A number of Council officers and organisations consulted this group on a range of topics including:

- local children's workforce development;
- volunteering (Ofsted);
- tenant participation (Housing);
- Safeguarding Children's Board website;
- The Skills Centre.

As a result of consultation with the Forum on the use of colours for floors and walls, the Skills Centre Commissioning Board has agreed to colour theme each floor of the centre in order to give each floor a distinct identify: this is to help young people find their way around the building's six floors. Young people's comments have also shaped the layout and design of the Safeguarding Children's Board website.

2.6 UK Youth Parliament

As part of their role the UKYP representatives completed a scrutiny report focusing on education, access to higher education, unemployment and careers and futures. This report has been included as **Appendix A**.

3 Options Appraisal

N/A

4. Consultation

- 4.1 Consultation took place with young people during the election period on the issues which should be the focus for the work of the Forum. Each young person also consulted with their peers at the start of their BAD Youth Forum term. The BAD Youth Forum was also consulted with on various occasions.

5. Financial Implications

The BAD Youth Forum receives funding of £71,200 of which £61,200 supports three youth workers and £10,000 supports activities.

Implications completed by: Dawn Calvert, Group Manager: Adults and Children's Finance.

Telephone and email: dawn.calvert@lbbd.gov.uk, 020 8227 3126.

5.1 There are no financial implications arising from this report.

6. Legal Implications

Implications completed by: Shahnaz Patel, Senior Solicitor, Safeguarding.

Telephone and email: shahnaz.patel@lbbd.gov.uk, 0208 227 3562.

6.1 There are no legal implications arising from this report.

7. Other Implications

7.1 Risk Management

No implications.

7.2 Contractual Issues

No implications.

7.3 Staffing Issues

No implications.

8. Customer Impact

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

8.2 There are implications for young people should any action be taken on the issues raised concerning schools' anti-bullying policies and knowledge of sexual health. However, these implications should be seen as a positive step towards improving the ways in which we support young people on the issues of bullying and sexual health.

9. Safeguarding Children

9.1 Questionnaires completed in secondary schools and evaluations from anti-bullying workshops have shown that young people feel there is still an issue with bullying in

schools. Young people report that schools are not always dealing with bullying as well as they could or helping to resolve the issue.

- 9.2 The BAD Youth Forum's review of each secondary school's anti-bullying policy clearly showed a considerable difference in each school's approach to dealing with bullying. Forum members felt that some policies were not effective or pupil friendly: they knew from personal experience that what was documented in the policy was not consistent with what actually happened in the school. The potential implication of inconsistent and ineffective anti-bullying policies is that young people may not be receiving the support they need to deal with bullying: this can have a great impact on their ability to achieve positive outcomes.
- 9.3 The involvement of young people in reviewing anti-bullying policies has improved their confidence and knowledge in dealing with safeguarding issues. Suggestions made by the Forum to improve anti-bullying policies will impact positively on young people, although the implementation of these changes will need to be reviewed.

10. **Health Issues**

- 10.1 By delivering the sexual health workshops in a range of settings, Forum members were able to understand the lack of knowledge that young people of various ages have in relation to most aspects of sexual health. Due to a lack of effective sexual health education from home and school, young people as old as 16 had no knowledge at all of how to have safe sex, what to do if they had unprotected sex or what Sexually Transmitted Infections were and what the consequences of contracting them were. There are implications for young people who reach the age of being able to legally consent to having sex but with no knowledge of the unintended consequences.
- 10.2 There were discussions amongst Forum members about sexual health lessons in schools: most young people reported that there had either been no lessons or they were poorly taught and they did not learn anything from them. It is important to note that, according to young people, relationships and the confidence to say no to sex are often topics not included in Sex and Relationship Education lessons. Many young people do not understand the emotional impact of entering into a sexual relationship and are often not prepared. Therefore more needs to be done to teach young people the skills to resist the pressure to have sex.
- 10.3 For a range of reasons parents were unable to provide effective education at home on relationship and sex: these included culture, embarrassment and lack of parents' own knowledge. More needs to be done to support parents to talk to their children about relationships and sex through parenting programmes such as Speakeasy.
- 10.4 Following the issues raised by young people, there is more work to be done to improve the quality of sexual health education across both formal and non-formal educational settings. Integrated Youth Services will review its youth work curriculum across all its setting to ensure that sexual health is integrated into delivery. More youth workers need to be trained in condom distribution so they can provide contraceptive advice and services to the young people they come into contact with.

11. Crime and Disorder Issues

- 11.1 In Barking and Dagenham crime and disorder is often perceived to be mostly perpetrated by young people. In fact the recent disturbances showed that this is not the case. It is however the case that young people are most likely to be victims of crime. By considering crime and disorder issues the Youth Forum has had the opportunity to put forward the views of young people and ensure that their views are heard by those developing strategy and policy. Young people who are bullied are more prone to become involved in bullying; national research suggests that they may also become involved in low level criminal behaviour and anti-social behaviour. The work of the BAD Youth Forum to address bullying in schools is key to early intervention and identification of those at risk.

12. Property / Asset Issues

No implications

Background Papers Used in the Preparation of the Report:

None.

List of appendices:

Appendix A - UKYP scrutiny report.



Youth Parliament

MAKING OUR MARK

UKYP Scrutiny Report

October 15

2011

The Scrutiny Report is a report from the Youth Parliament Members of Barking & Dagenham, Azaan Akbar MYP and Shekhar Seebaluck DMYP, which identifies the key issues in the borough, investigates into the issues and suggests possible solutions for the improvement of the local area.

Barking &
Dagenham



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The Scrutiny Commission Process

What is the Scrutiny Report?

The Scrutiny Report is an inquiry and study into the issues of the local area; we identify the concerns of our constituents, the young people of Barking & Dagenham, criticise and analyse the aspects of their concerns and seek to address the issues by discussing possible solutions. In essence, we will examine the concerns of young people and consider how to tackle them.

Why is the Scrutiny Report important?

The Scrutiny Report will be the documentation of the issues in the local area of Barking & Dagenham – it is a concise report which will describe the most important issues and suggest how we can go about dealing with the matter in hand. It shows exactly what the young people of Barking & Dagenham are thinking about and want done. This is where young people have their say and have the opportunity to have their view heard by senior authorities who can truly do something about their concerns as well as holding to account the actions of senior authorities.

What will this Scrutiny Report be dealing with?

From the introduction, it may be evident that the core issue that young people of Barking & Dagenham are concerned most about is Education. In light of the recent rise of tuition fees and the removal of Education Maintenance Allowance, education has become a concern for young people in the borough; a questionnaire taken in February 2011 of Barking & Dagenham pupils between the ages of 11-18 displayed that out of 306 respondents, 42% felt EMA and University was the topic they most concerned about. Statistics such as these and more will be analysed to display the concerns of our constituents. The primary concerns of this scrutiny will be Education, Access to Higher Education, Unemployment and Careers & Futures.

Who is this report being compiled by?

The authors who have put this report together are the Members of Youth Parliament who represent the local authority of Barking and Dagenham, Azaan Akbar MYP and Shekhar Seebaluck DMYP.

How was this report compiled?

The methodology of this report consisted of various aspects, including investigation, research, interviews, surveys, polls, information collection, group discussions, meetings and a number of other parts which allowed for the creation of this report. In particular, investigation and research formed the backbone upon which this report has been made. We accessed local authority, central government and public statistics information from employees and politicians of the local area and a depth of other resources to provide further information into the issues.

Background

In 2010, the Government announced a £6.2bn spending cuts plan that would come to affect a wide range of departments. The biggest cuts included cuts to Transport, Communities, Local Government and Education. Today, in 2011, the effects of those cuts are set to leave an impact on the youth of our generation, and in Barking & Dagenham, the biggest concern is Education and employment.

Perhaps the most highlighted effects of cuts to Education have been the rise in tuition fees and the cutting of Education Maintenance Allowance (EMA). These are certainly issues that have stirred an emphatic response from students across the UK, as seen by the riots of November 2010, where hundreds gathered across cities in the UK to protest against the rise in tuition fees.

The issue extends further than simply cuts and savings being made to education; the riots of November proved that young people are concerned about their future, not simply for their access to higher education but more so for their future career prospects; with such imminent changes, there are fears that the future is bleak for our generation. The job market, particularly in Barking & Dagenham, is evidence that education makes a difference to our careers. UK Youth unemployment in 2011 is at its highest since 1994, rising to 991,000 since 1992 when records began. This thereby pushed unemployment rate for 16-24 year olds to 21.3% in the UK¹. This could be explained by the fact that the number of students fell by 46,000 to 2.2 million overall², thus displaying that education is indeed a vital factor to keep young people's ambitions alive.

To bring this into context, youth unemployment in Barking and Dagenham is at 8.1%. This figure is estimated from the latest statistics available from the Office for National Statistics (ONS). The figure is extraordinarily high when taking into consideration the national unemployment rate which is at 7.7%³ indicating above average rates of unemployment. Then, comparing this to adult qualification levels in the local constituencies, 19.4% and 12.3% of adults in Barking and Dagenham & Rainham respectively have no qualifications⁴. From these several statistics, we can certainly draw a correlation between education and unemployment; the less educated you are, the less likely you are to get a job.

¹ <http://www.reuters.com/article/2011/10/12/britain-jobless-idUSL3E7LC1RH20111012>

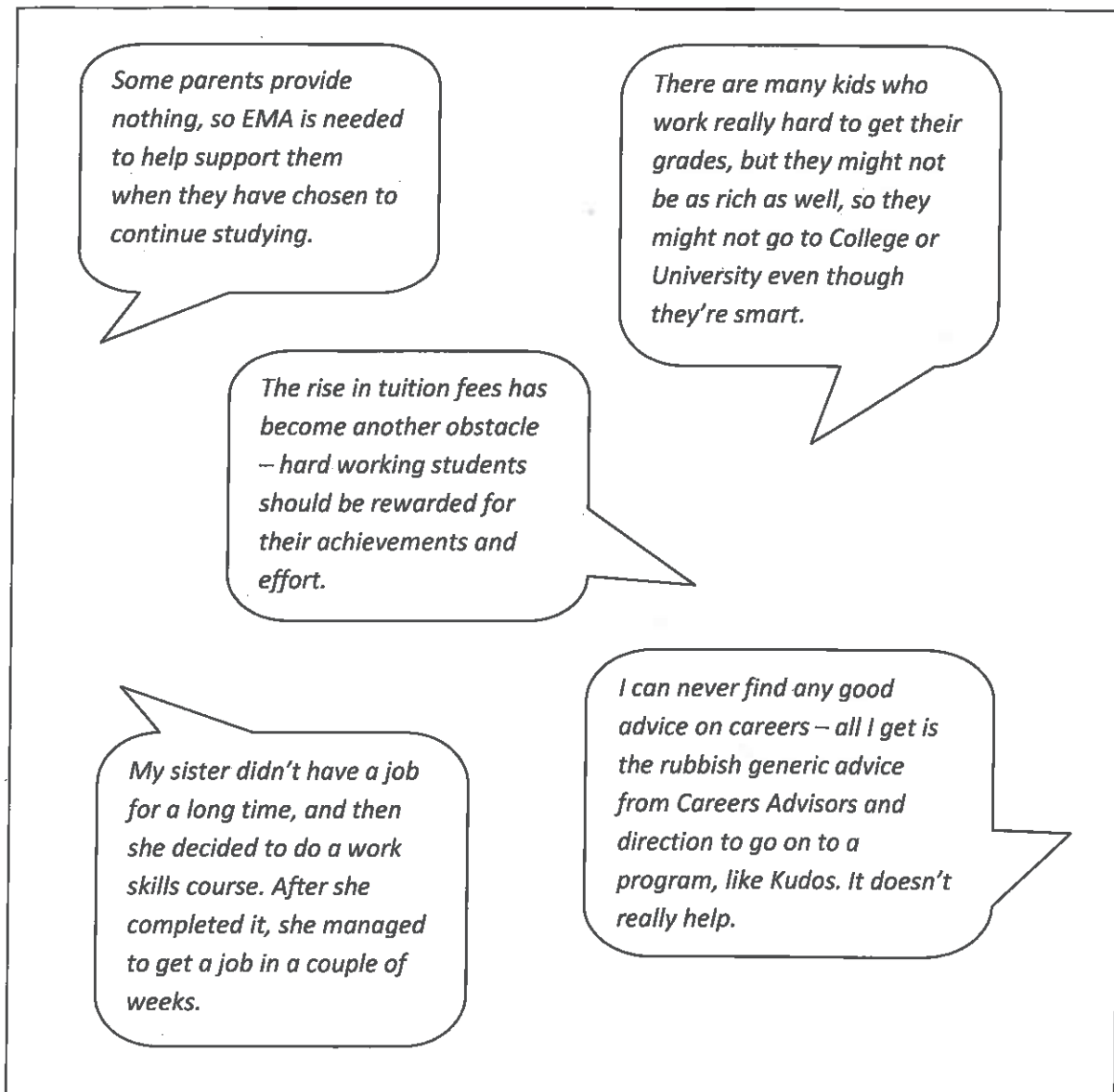
² <http://www.telegraph.co.uk/finance/jobs/8761817/Youth-unemployment-surge-triggers-worst-jobless-rise-in-two-years.html>

³ <http://www.reuters.com/article/2011/10/12/britain-jobless-idUSL3E7LC1RH20111012>

⁴ <http://www.guardian.co.uk/news/datablog/2011/jul/22/education-gap-by-constituency>

Evidence and Research

In order to substantiate our reasons for scrutinising Education in our local area, we have compiled research to provide evidence and support for our work on the issue. One of the first things we did was to speak to our local constituents through the medium of the local youth council, the Barking and Dagenham Youth Forum. There, we engaged in a discussion with the sub-committee for Education on their views on the job market, access to higher education and fears for the future. These some of the concerns they raised to us:



Quotes from the BAD Youth Forum, including Elliot Gatward, Adam Kaspar, Ashlee Reid, Tinashe Masara, Jessica Ojei-Aguaziam, Sara Mbwiti, Salwa Rahman and Kelly Armantrading

The BAD Youth Forum have been operating as a youth council for a number of years and have campaigned for many issues in the borough – their opinions are representative of the young people of Barking and Dagenham as members are elected from every school in the borough.

After that, we spoke to number of our friends, peers and upper classmates for their opinions on the issues surrounding tuition fees and the job market;

- “I don’t think the rise in tuition fees is good because a lot of kids might leave their studies because of the price and end up jobless, since employers want people with degrees. I’ve had to think twice about going to University, and may just go back to my home country to study.” – **Zain Naqvi, Year 12 pupil**
- “Going to University is pointless these days if you can’t get a job out of it, especially since you have to pay more fees.” – **Anonymous Year 12 pupil**
- “The fees are depressing, but I’m still hoping to go to University. I want to live at University for the first year to get the experience, but for the second, third and possibly fourth year, I will probably come home.” – **Beth Berrett, Year 13 pupil**

These are just a few quotes from the thousands of opinions young people in the borough hold, but we can certainly agree that the cuts to Education and rise in tuition fees are not being responded to positively.

To further our knowledge of the extent of cuts to Education and the job market situation, we began desk research, and found a number of shocking statistics:

- Barking and Dagenham has the 2nd highest unemployment rate in London, with 12.4% of people out of work.⁵
- 18% of pupils in Barking & Dagenham qualify for free school meals, yet 38% of pupils are from workless homes.⁶
- There are around 5700 single parents
- 38.3% of children are poverty-stricken, making Barking and Dagenham the ninth highest for Child Poverty⁷
- 24% of households earn under £15,000 in Barking and Dagenham, compared to 16% in London.⁸

Firstly, in Barking and Dagenham, the removal of EMA has been replaced by Bursary Funds that are available for pupils in schools and colleges in the local area but are open only to those who are eligible for Free School Meals – the second bullet point indicates that although there are a number who qualify, not all who genuinely deserve it will be able to access their funds, rendering them helpless as they cannot

⁵http://www.bdpost.co.uk/news/barking_and_dagenham_has_the_2nd_highest_unemployment_rate_in_london_1_1088640

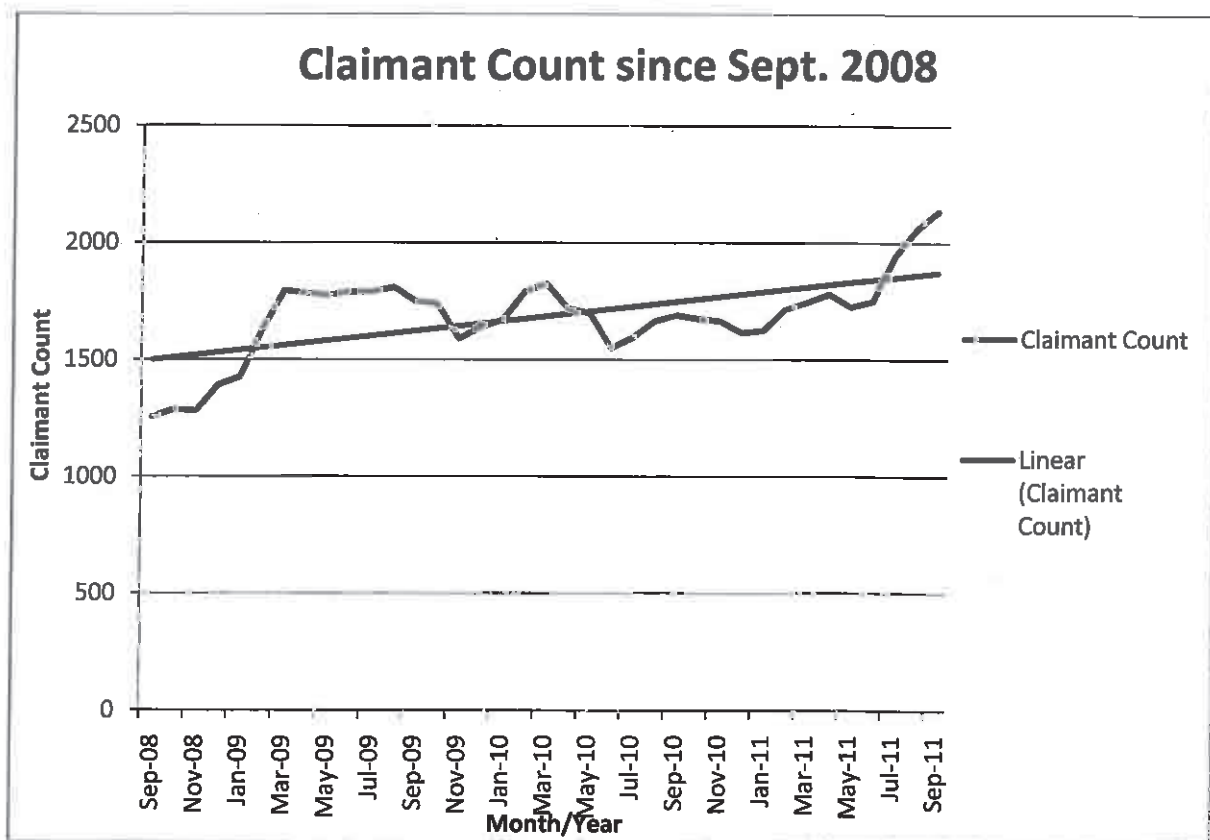
⁶ <http://www.guardian.co.uk/uk/2008/dec/16/school-meals-funding>

⁷ From a Child Poverty Presentation by the Local Authority

⁸ From a Child Poverty Presentation by the Local Authority

get further support and many may not even be aware if they are eligible for the bursary funds. Secondly, many of these issues, particularly Child Poverty are issues that can be solved through education; as quoted by Kevin Donovan, Children's Rights, Participation and Engagement Manager in the Local Authority, "Education is perhaps the only option young people have to escape Child Poverty." – if no action is made to the inaccessibility to education, then we will continue to receive these kinds of statistics as the years progress.

We also found information on the claimant count in Barking and Dagenham for the ages of 18 -24, and found that unemployment has been rising since January 2006 and was at its highest in September 2011 since 2006⁹. The graph below shows the general trend:



There has been fluctuation over the years, increasing and decreasing, particularly between the periods of September 2009 to May 2011, but has been increasing from there on in. According to the data, 2,135 of people aged between 18-24 in Barking & Dagenham were on the claimant count in September 2011, making around 12% of the population in that age group. An issue like this cannot be ignored, and education is certainly a way that will highly impact and reduce these figures.

⁹ Nomis official labour market statistics

We went on to find more information and spoke to Alan Lazell, Head of 14-19 Education, Training and Employment in the local council, who provided us with further information.

EMA / 16-19 Bursary Fund

- Heads of Sixth Form and Sixth Form Consortia have given the Bursary Fund the highest priority in terms of establishing a system for payment, estimating to provide £20 per week to eligible students.
- The actual impact in terms of numbers of young people returning to post-16 study is not wholly clear at the moment. All of the providers (Schools and Barking and Dagenham College) report lower recruitment than last year. It is expected that young people are staying closer to home to study in order to keep down travel costs.

Although the bursary fund is now being provided, there is less “recruitment” of young people continuing post-16 education, indicating the cutting of EMA has deterred some young people from continuing. Furthermore, it also indicates that there are less students who receive support for education, and that those who do are eligible receive less than before where EMA provided £30 per week.

Skills Centre

- The council has committed to creating a purpose-built building in a key location in Barking to ensure that all resident young people aged 14+ have the best possible opportunity to progress and succeed.
- Councillors have committed nearly £9m adding to a grant of £5m received from the Department for Education. LBBD was one of only 15 successful local authorities from the 243 who applied for funding.
- The Skills Centre will be managed for the Council by Barking and Dagenham College. The Centre will provide an environment to learn that resembles more a place of employment than a school or college, and in a range of vocational sectors (namely construction, ICT, hair & beauty, hospitality and catering and business administration, sustainable technologies) for which there are good regional job opportunities for young people, and clear routes into further or higher education.
- The Skills Centre is set to be completed in late July 2012 ready for the new academic year.

This is an indicator that positive steps are being made to help provide young people with support, thus showing that the Local Council are more likely to provide funding for programs to support Education, Employment and Training in the Local Borough. This can be supported by the following figures obtained from the Budget Book 2011 from Barking and Dagenham Council:

<i>2008/2009 OUTTURN £'000</i>	<i>2009/2010 ORIGINAL £'000</i>	<i>2009/2010 REVISED £'000</i>	<i>2010/2011 ORIGINAL £'000</i>
934	1,837	2,410	4,366

Budget for Skills, Learning and Employment from 2008/2009

The displayed increase in the budget shows that the Local Authority is more likely to fund programs or ideas that are suggested or presented.

Further information that Alan Lazell provided was that the most recent data indicated 78% of young people in Barking and Dagenham were in learning. Of this total, approximately 40% were in school sixth forms; 37% in further education colleges; 7.5% in sixth form colleges and 4.5% in employment with training, leaving 22% in either employment or no further advancements whatsoever.

Some other information we obtained from the Budget Book 2011 was that the Local Council were set to make savings of up £22,000 per annum on the Trident Work Experience programs by increasing the unit charge per pupil from £27 to £35, outlined below:

<i>2010/2011 BUDGET SAVINGS PLAN</i>
S-CHS-08 SLE – Trident Work Experience
£22,000 Saving
The savings proposed are to be realised via an efficiency saving by increasing the unit charge made per student, for arranging work placements from £27 to £35. There should be no issue with schools buy back of service as the new rate is market tested and brings the unit charge in line with neighbouring boroughs.

These savings indicate that even though the Council plan to increase the budget for Skills, Learning and Employment, they are saving money by increasing the prices to schools for Work Experience, raising questions as to whether or not the value of the program is worth it for what it provides for young people.

Finally, we sought to interview important people in the local area, people who make a difference to the lives of young people, and firstly spoke to Kevin Donovan, Children's Rights, Participation and Engagement Manager.

Why is Education such an important issue in Barking & Dagenham?

"I think education is a big issue for two particular reasons. One, because there are high levels of child poverty in Barking & Dagenham and two because there are also high levels of illiteracy, both in adults and children in the area, and both of these issues can be solved with education."

Did you go to University? Will children be at more of an advantage by going to University?

"Yes, I did go to University. I think I was at more of an advantage by going to University, but it depends entirely on the individual – office based jobs will certainly require higher level education, especially if you are going into a specialist field like Law, Accountancy and so forth. I think that in light of recent government decisions, kids in our borough have fewer aspirations to go to University.

How do we solve the issues?

"I think that it will be very tough to reverse the cuts to educations, but if I was in charge, I certainly would reduce tuition fees without a doubt. I would try to increase the information available to students to give them more ideas about post-16 study."

Another person we spoke to was Councillor Dee Hunt, a local councillor for Barking and Dagenham. We asked her similar questions:

Why is Education such an important issue in Barking & Dagenham?

“Education is definitely important because it is our future, your future and everyone’s future at stake. Without education, we will only continue to see more children end up nowhere, especially in this climate.”

Did you go to University? Will children be at more of an advantage by going to University?

“I didn’t go to University, but I think I still did well. I don’t necessarily believe all kids will be at a disadvantage if they go to University, many can still make something of themselves. I do think that those who would have wanted to go may not be able to afford the debt after, and I feel sorry for them. But, those who are really determined to go will pay.”

How do we solve the issues?

“Schools need to teach kids more about why University is important, so they can make informed decisions. If I had the power, I would reduce fees, without a doubt, but it is near impossible to reverse such a decision. The best thing we could do is set up some kind of program to help kids for the future.”

Findings and Recommendations

From the evidence we obtained and the research conducted, we conclude that these are the key issues surrounding Education and Employment:

- The rise in tuition fees and the replacement of EMA with Bursary Funds have upset a number of students in Barking and Dagenham.
- There has been an average increase of youth unemployment over the last five years, and is particularly at a high point now, at the time of the writing of this report.
- Many disadvantaged children who should be getting support are no longer getting the support they deserve.
- The budgets for Skills, Learning and Employment is set to increase indicating there will be more development in those sectors.
- The Council are making savings of up to £22,000 per annum by increasing the unit charge of sending pupils on work experience, costing more to schools.

The economic conditions for which this generation and the next are to face are extremely tough especially when the job market is weak – youth unemployment, child poverty, adults without qualifications, disadvantaged children, rise in tuition fees, cutting of EMA, reduction of support; these are all issues that have been discussed in this report, and the recommendations we make cannot solve the issues entirely, but can perhaps make contributions to the improvement of the situations at present. It is our duty as the Youth Parliament Members to secure the future for our generation and the next.

We came up with a whole range of possible solutions, and after evaluating all ideas, we would like to suggest one particular idea that we feel would solve a substantial amount of issues and have already looked into; an employability skills program.

Employability Skills Program

In terms of trying to solve the issues involving education, the main cause for concern is of course the increase in tuition fees and the cutting of EMA, as well general cuts to Education and it is of course near impossible to reverse government decisions – what we can do is seek to resolve other issues that may surrounding education and more particularly, it is evident that we have highlighted youth unemployment and the situation job market as a primary concern of young people in the borough, as well as being an issue that needs to be resolved. We recognise that although tuition fees have gone up, the majority who would have gone to University will still aspire to go to University; but the value of the degree has eroded as more of the population end up with a University degree. This is displayed by the following table¹⁰:

Qualification	In 1993		In 2010	
	Median hourly pay (£)	Pay gap to GCSE (%)	Median hourly pay (£)	Pay gap to GCSE (%)
Degree	10.29	95	16.10	85
Higher Education	8.13	54	12.60	45
A Levels	6.25	18	10.00	15
GCSE Grades A*–C	5.29	0	8.68	0
Other qualifications	4.74	-10	8.07	-7
No qualifications	4.18	-21	6.93	-20

¹⁰ <http://www.guardian.co.uk/news/datablog/2011/aug/24/earnings-by-qualification-degree-level#data>

As we can see, the pay gap between degree and GCSE less over the years has decreased, meaning that the value of the degree has gone down. If this is the case, why should students pay more for something which is less valuable, even if there is a higher demand for it? Surely, students need to get something out of their degrees, and more than often that reward would be a job. To compliment this, the number of students getting into employment after their degrees in retrospect has been on the rise; graduate employment in the UK from full-time first degree students has risen to 90.4% from 89.9% with those studying medicine & dentistry and veterinary science having the highest rate – yet those degrees have near 100% employment rates; there is still a need to support the other majority who do not study subject fields which will lead into a career, and employers argue that the importance of employability skills is now greater¹¹ - a report published by the Confederation of British Industry explained that in a survey they held, 82% of employers said that 'improving students' employability skills' should be something that Universities prioritise.

But why should we start only from University? We, the Members of Youth Parliament resonate with the views of our constituents that work experience is simply not enough, particularly since it is now a higher cost to schools - we should develop students' employability skills to give them better chances in highly competitive markets. This is why we believe an employability skills program is fundamental to the progression of the young people in not just Barking and Dagenham, but across the UK.

What do we propose to do?

We propose to create and design an employability skills program in which practical workshops, teaching guides and lessons can be delivered by local businesses, companies and employers. The programs can be delivered through lessons such as PSHE during school time or as separate programs, perhaps after-school or as a program that young people can choose to come to.

The program would consist of a wide range of skills that many employers place a heavy emphasis, which includes working effectively in teams, being able to take telephone calls, hold meetings, writing memos and agendas, interview skills, presentation skills, communication skills, adaptability skills and a wide range of abilities that are necessary and useful in a working environment – work experience does not do enough to provide insight into those skills and at a higher price for work experience, there is more demand for a program like ours.

Furthermore, schools are unable to facilitate the advancement of skills such as those stated and consequently, it can be argued that youth unemployment is so high because of a lack of these skills. If they do not hold some of the most basic skills required in the working world, how can employers possibly employ young people?

¹¹ http://educationandskills.cbi.org.uk/uploaded/HRE_091_Future%20Fit%20AW.pdf

There is support for our program – the BAD Youth Forum (the local youth council), the interviewees from this report, Jon Cruddas MP (MP for Dagenham & Rainham) and a clerk from the Worshipful Company of Chartered Surveyors have all expressed that they would support the development of a program like ours.

There is still development remaining for the program before we can go on to design and deliver it, but certainly, our suggestions would increase the skills that young people from our local area would have making them more employable; they are now more likely to go to University as they would be more likely to get a job at the end of it, thus reducing unemployment rates, increasing the number of University enrolments from our borough, and over a long period tackle child poverty and illiteracy rates.

We, the Members of Youth Parliament, care for our local area and want to see it be the best it can possibly be; it is our generation we want to help and will help with support and guidance from those who can truly change things.

By Azaan Akbar MYP and Shekhar Seebaluck DMYP

ACKNOWLEDGEMENTS

For the completion of this report, we would like to thank:

Sally Allen-Clarke	Senior Youth Worker
Erik Stein	Group Manager - Integrated Youth Services, Extended Schools & Engagement
Alan Lazell	Head of 14-19 Education, Employment and Training
Terry Regan	Group Manager – Employment and Skills
The Barking & Dagenham Youth Forum	
The young people of Barking & Dagenham	
UK Youth Parliament	

ASSEMBLY

22 FEBRUARY 2012

Title: Response to Petition – Markyate Library	
Report of: Corporate Director of Adult & Community Services	
Open	For Decision
Wards Affected: All	Key Decision: No
Report Author: Paul Hogan Divisional Director, Culture and Sport	Contact Details: Tel: 020 8227 3576 E-mail: paul.hogan@lbbd.gov.uk
Accountable Divisional Director:	Paul Hogan
Accountable Director:	Anne Bristow
<p>Summary:</p> <p>The Council has received a petition on 28 November 2011 containing 103 signatures from separate addresses in the Borough, requesting that the Council stop proposals to close the Markyate library as one of the savings options being considered as part of the 2012/13 budget round.</p> <p>The petition states:</p> <p>"Yet again they are trying to close our library & yet again we aim to fight this. Please sign our petition to keep Markyate library open. We need this library to remain open for the sake of the elderly, disabled & the local children, it is used & valued by local residents who are unable to travel to the bigger main libraries. We would appreciate all your support"</p> <p>In accordance with the Council's procedures for petitions, the lead petitioner, Sandra Wiltshire, has been invited to the meeting of the Assembly to present the petition.</p> <p>At its meeting on 14 December 2011, Cabinet agreed a number of savings options for 2012/13, one of which was to close the Markyate library during 2012.</p> <p>To address the concerns raised in the petition, the Cabinet Member for Culture and Sport has initiated and is leading a consultation process with users of the library, including the lead petitioner, to investigate community management options for the library space.</p>	
Recommendation(s)	
The Assembly is recommended to agree, for the reasons set out in this report, that it is unable to support the petition.	

Reason(s)

Under the Council's Petition Scheme as set out on the Council's web site, petitioners are entitled to a debate at full Assembly if the petition has the support of 100 or more signatures from different addresses in the borough.

As this petition reaches that threshold it has triggered the requirement for a debate at Assembly.

1. Introduction and Background

- 1.1 The Council's budget-setting process for 2012/13 and beyond comes at a very challenging time for public services, and local government in particular. On the whole it is now not a question of adjusting services through small reductions or making efficiencies reasonably easily (achieved in previous years): the Council is faced with making some very difficult decisions about how to reduce service costs or in some cases whether to continue to provide those services at all.
- 1.2 In responding to the cuts imposed by the Coalition Government, the Council has had to make some extremely tough choices on how and where it spends its money. The Council is doing all it can to minimise the effects of these cuts on frontline services and will build on its record of delivering new and better ways of doing things in order to keep public services effectively running in these tough times. The Council has already taken a number of measures to increase efficiency and protect, as far as possible, frontline services.

2. Proposal and Issues

- 2.1 At the meeting of the Public Accounts and Audit Select Committee (PAASC) held on 28 November 2011, Members reviewed a number of budget savings proposals, including the following:
 - closure of Wantz and Markyate libraries;
 - implementation of the break clause to allow the relocation of services from the Muirhead Quay depot to Valence Library;
 - creation of an integrated service in Thames View by bringing the library and children's centre service together; and
 - development of the services offered from Valence Library, Valence House and the adjacent park for children, young people and older people.

3. Options Appraisal

- 3.1 The Cabinet decided to close the Markyate library at its meeting on 14 December 2011 and so it is not considered appropriate or necessary to revisit this decision.
- 3.2 The option to defer a decision on the closure of the Markyate library until after the Assembly had received the petition was discounted due to the need to finalise the 2012/13 budget in a timely way and because a consultation process had been initiated by the Cabinet Member for Culture and Sport that is intended to address the concerns raised in the petition.

4. Consultation

- 4.1 At the PAASC meeting on 28 November 2011, the petition, which is the subject of this report, was handed in and library users and residents had the opportunity to ask questions about the proposal and to explain to Members why they thought the library should not be closed.
- 4.2 Members also considered issues such as the deliverability of the proposals, and their impact on the Council's agreed policy priorities.
- 4.3 The Divisional Director for Culture and Sport explained that there would still be a good quality and comprehensive library service available to residents within easy reach of Markyate library and that he would be happy to meet with customers to discuss alternative ways for them to continue to access services provided at the library.
- 4.4 The PAASC accepted the savings proposal with the recommendation that the upcoming libraries' strategy is scrutinised and plans for consultation are shared with the PAASC.
- 4.5 The Cabinet Member for Culture and Sport held a meeting in December 2011 at the Markyate library for concerned residents. A further productive meeting was held in January 2012 to discuss ways of maintaining existing community based activities at the site as well as options for expanding the range of services available.
- 4.6 A schedule of further meetings and support has been arranged to take this idea forward.

5. Financial Implications

Implications verified by: Jonathan Bunt, Divisional Director - Finance
Telephone and email: 020 8724 8427; jonathan.bunt@lbbd.gov.uk

- 5.1 The savings proposal relating to the closure of Markyate library was approved by Cabinet at its meeting on 14 December 2011 as part of agreeing a balanced budget for the 2012/13 financial year. The formal agreement of the budget and Council Tax for 2012/13 is elsewhere on this agenda and, should this proposal be reconsidered, a compensating saving of the same value would have to be found to ensure the budget remains in balance.

6. Legal Implications

Implications verified by: Eldred Taylor - Camara
Telephone and email: 020 8227 3133; eldred.taylor-camara@lbbd.gov.uk

- 6.1 Under the Local Democracy, Economic Development and Construction Act 2009, the Council has an obligation to make a scheme for the handling of petitions made to the authority. The Council has made such a scheme and the petition in this matter is brought and dealt with under the said scheme.

- 6.2 Where there are proposals for the closure or discontinuance of a service or services, the Equality Act 2010 requires that the Council has due regard to the effect such measures may have on the community this is best satisfied through an Equality Impact Assessment.
- 6.3 It is also necessary to establish that the Council can still satisfy its duty under section 7 of the Public Libraries & Museums Act 1964 to provide a comprehensive and efficient library service for all persons desiring to make use thereof and this should be so evidenced by an examination of the needs and a suitable service plan to continue to meet the duty.

7. Other Implications

7.1 Property / Asset Issues

Any potential asset transfer of the library building to a community management arrangement will be subject to Cabinet approval.

7.2 Customer impact

The libraries equalities impact assessment indicates that women, older people and children and young people would be particularly affected by any reduction to the current level of library provision across the Borough.

However, a review of the geographic distribution of library facilities that will still be available to the Borough's residents indicates that a good quality and comprehensive library service will be within easy reach of 99% of local residents.

Also Markyate library service users will be able to access a book lending service and internet access at Dagenham and Valence libraries. Any customers of the toy library at Markyate library can get the same service at the nearby Dagenham library.

Pupils at Dorothy Barley School undertake organised visits to Markyate library on an occasional basis. Libraries staff will continue to deliver this service directly at the school on an outreach basis.

The library will continue to operate in its current format until September 2012. As the report outlines above, the opportunity to establish a community management arrangement for the future operation of the library building, which would include the continuation of the current toy library, is being investigated.

Background Papers Used in the Preparation of the Report:

ACS/SAV/22 Libraries' review

Minute of the Public Accounts and Audit Select Committee (28 November 2011)

List of appendices:

None

ASSEMBLY

22 February 2012

Title: Appointment of Monitoring Officer	
Report of: The Chief Executive	
Open	For Decision
Wards Affected: None	Key Decision: No
Report Author: Stella Manzie, Chief Executive	Contact Details: Tel: 020 8227 2137 E-mail: stella.manzie@lbbd.gov.uk
Accountable Divisional Director: Tasnim Shawkat, Divisional Director Legal and Democratic Services	
Accountable Director: Stella Manzie Chief Executive	
<p>Summary:</p> <p>A report was presented to Cabinet on 17 January 2012 setting out proposals to extend the current arrangements with Thurrock Council to share the post of Divisional Director of Legal and Democratic Services and Monitoring Officer, which is currently occupied by Tasnim Shawkat. The report also provided details of the proposal to further enhance the joint working between the two authorities' legal teams.</p> <p>These proposals were agreed by the Cabinet. However, the appointment of the Monitoring Officer is an Assembly function. Therefore the Assembly is asked to consider this report.</p>	
<p>Recommendation(s)</p> <p>The Assembly is recommended to agree the appointment of Tasnim Shawkat, as the Monitoring Officer.</p>	
<p>Reason(s)</p> <p>The Assembly must appoint an officer of the Council as the Monitoring Officer to discharge the statutory role.</p>	

1. Introduction and Background

- 1.1 On 25 January 2011 the Cabinet agreed a pilot, under which Barking and Dagenham would second from Thurrock, for the period 1 April 2011 to 31 March 2012, their Head of Legal and Democratic Services to jointly fulfil the role as head of service and Monitoring Officer for both authorities on a shared basis.

- 1.2 On 17 January 2012 a report was presented to Cabinet on setting out proposals to extend the current arrangements with Thurrock Council to share the post of Divisional Director of Legal and Democratic Services and Monitoring Officer, which is currently occupied by Tasnim Shawkat. The report also provided details of the proposal to further enhance the joint working between the two authorities' legal teams.
- 1.3 At that meeting the Cabinet agreed:-
- (i) A 12 month extension of the secondment agreement between LBBD and Thurrock regarding the sharing of the Divisional Director of Legal and Democratic Services and Monitoring Officer;
 - (ii) That the current shared arrangements are progressed to phase two, as set out in the report, which would involve joined up legal teams between LBBD and Thurrock; and
 - (iii) That the Assembly be recommended to confirm the extension of the appointment of Tasnim Shawkat, Divisional Director Legal and Democratic Services, as this Council's Monitoring Officer.
- 1.4 Members are referred to the report to Cabinet, which forms the background to this report.

2. Proposal and Issues

- 2.1 The Cabinet recognised the success of the shared arrangements which have operated since 1 April 2011 and have welcomed the proposals for greater integration between the two services under the second of a three phase approach to a shared service.
- 2.2 The report to Cabinet outlines details of the phased approach to the joint working between Thurrock and this council's legal services. A further report on the option of moving to a fully merged, shared service (phase three) will be submitted to the PAASC and Cabinet in early 2013.
- 2.3 The appointment of Monitoring Officer is an Assembly function. Therefore the Assembly is asked to appoint Tasnim Shawkat as the Council's Monitoring Officer. This will enable the sharing of this post to continue.

3. Options Appraisal

- 3.1 Please refer to the report to Cabinet dated 17 January 2012.

4. Consultation

- 4.1 Please refer to the report to Cabinet dated 17 January 2012.

5. Financial Implications

Implications completed by: David Abbott, Principal Accountant
Telephone and email: 020 8227 2261 – david.abbott@lbbd.gov.uk

- 5.1 The continued sharing of the Divisional Director of Legal and Democratic Services and Monitoring Officer role will generate savings to the Legal Services budget of a proportion of the salary costs of a Divisional Director. The combined savings will be in the region of £100k per annum across the two authorities (£55k for LBBB and £45k for Thurrock) inclusive of costs. Further detailed financial implications of the sharing arrangements and further joint working are set out in the Cabinet report which forms the background to this report.

6. Legal Implications

Implications completed by: Fiona Taylor, Group Manager Legal Services and Deputy Monitoring Officer

Local Authorities have the power to provide legal services by virtue of s111 of the Local Government Act 1972. Both authorities must, by virtue of s5 of the Local Government and Housing Act 1989, appoint a Monitoring Officer. Each authority, have power under the 1972 Act to arrange for the discharge of their functions by another authority.

One of the recommendations here is to agree a 12 months extension of the arrangements under which Thurrock Council's Head of Legal Services would jointly fulfil the role of Divisional Director Legal and Democratic Services and Monitoring Officer for both authorities on a shared basis. Legally this can be achieved by virtue of section 113 (2) Local Government Act 1972, which has the straight forward effect of deeming the appointment /secondment of an officer from another authority as an officer of the authority being appointed and thereby satisfy the requirement under section 5 Local Government and Housing Act 1989 that an authority appoint "one of its staff" to be Monitoring Officer.

The arrangement does not involve any formal merger of services but would allow any opportunities for sharing of services to be explored and would involve an immediate saving to both authorities by sharing this resource.

General power of competence under Localism Act 2011 allows a local authority to do anything that individuals may do unless there are restrictions applied by other Statute. This power can be used by a local authority to provide back office functions to other bodies. This provision came into force on April 2012.

7. Other Implications

Please refer to the report to Cabinet dated 17 January 2012.

Background Papers Used in the Preparation of the Report:

- Report to the Cabinet on 17 January 2012

List of appendices:

None

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ASSEMBLY

22 FEBRUARY 2012

Title: Statement of Priorities 2012/13	
Report of the Leader of the Council	
Open report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Heather Wills, Divisional Director Corporate Policy & Public Affairs	Contact Details: Tel: 020 8227 2786 E-mail: heather.wills@lbbd.gov.uk
Accountable Divisional Director: Heather Wills, Divisional Director Corporate Policy & Public Affairs	
Accountable Director: Stella Manzie, Chief Executive	
Summary: A draft Statement of Priorities 2012/13 has been prepared which summarises the Council's aims over the coming year based on the Policy House, and is set in the context of the Medium Term Financial Strategy. The Cabinet considered the matter at its meeting on 14 February 2012 and recommended the Assembly to adopt the Statement of Priorities 2012/13 at Appendix 1 to this report.	
Recommendation(s) Assembly is recommended to approve the Statement of Priorities 2012/13 attached as Appendix 1 to this report.	
Reason(s) The Statement of Priorities 2012/13 sets out the overarching aims of the Council, and contributes to a well-run organisation.	

1. Introduction and Background

- 1.1 It is good corporate governance to have a statement or plan which sets out the aims and major activities which the organisation will focus on and achieve over the coming year. The statement should be driven by the Council's overarching policy framework (the 'Policy House') and set in the context of the Medium Term Financial Strategy.

- 1.2 The Council Plan for 2011/12 can be seen here:
<http://www.lbbd.gov.uk/CouncilandDemocracy/MeetingsAndPlans/Pages/Councilplans.aspx>

2. Proposal and Issues

- 2.1 A draft Statement of Priorities for 2012/13 has been prepared and appears at Appendix 1. It cannot aim to capture the whole span of activity in an organisation which delivers services as wide-ranging as the Council, but it seeks to highlight the most significant areas of work underway, particularly focusing on the Council's key aims of:
- raising household incomes
 - raising standards in school and post-16 education and
 - housing and estate renewal.
- 2.2 The statement sets out the strategic direction and focus of the Council and will inform team and individual action plans and targets, as part of the Council's performance management framework.

3. Options Appraisal

- 3.1 There is no legal requirement to prepare a statement of priorities, however, it is good governance to do so.

4. Consultation

- 4.1 This statement has been informed by divisional business plans, which in turn have been informed by public consultation in relation to relevant services and with the relevant Portfolio Holders.

5. Financial Implications

Implications verified by: Kathy Freeman, Group Manager Corporate Finance

- 5.1 The approved budget for 2012/13 reflects the Council's priorities and therefore the aims within the statement of priorities. The budgets will be monitored throughout the year to ensure priorities are delivered within the approved amount and any variations reported to Cabinet.

6. Legal Implications

Implications verified by: Tasnim Shawkat, Divisional Director Legal and Democratic Services

- 6.1 There are no specific legal implications associated with this report.

7. Other Implications

- 7.1 **Risk Management** - The identification of clear priorities and actions to deliver against the priorities is part of a robust approach to risk management. Major risks associated with key activities are reflected in the corporate risk register, and risks of non-delivery of all actions are monitored through directorate risk management.

- 7.2 **Contractual Issues** - Any contractual issues relating to actions within the statement will be addressed as part of the delivery plan for each project or action.
- 7.3 **Staffing Issues** - Any staffing issues relating to actions within the statement will be addressed as part of the delivery plan for each project or action.
- 7.4 **Customer Impact** - The priorities and actions to achieve them identified in the action plan have been developed in response to customer consultation over a period of years. Equalities Impact Assessments are in place or in development to ensure that the needs of groups of people with particular needs are met as services are developed.
- 7.5 **Safeguarding Children** - The statement lists the larger scale and more transformational activities planned by the Council for the coming year. In addition to these activities, work will continue to achieve the outcome of 'a borough that safeguards children, young people and vulnerable adults'.
- 7.6 **Health Issues** - The statement reflects the high level activity in relation to changes in public health and health transition including the development of a Health and Wellbeing Strategy.
- 7.7 **Crime and Disorder Issues** - The statement refers to ongoing high level activity to address crime and disorder issues in the borough.

Background Papers Used in the Preparation of the Report:

- Council Plan 2011/12
<http://www.lbbd.gov.uk/CouncilandDemocracy/MeetingsAndPlans/Pages/Councilplans.aspx>
- "Statement of Priorities 2012/13" report and minute, Cabinet 14 February 2012

List of appendices:

Appendix 1: draft Statement of Priorities 2012/13

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London Borough of Barking and Dagenham

Council Statement of Priorities 2012/13

Building a better life for all

Managing in tough times

Message from the Leader of the Council, Councillor Liam Smith

2012/13 will be an exciting year for Barking and Dagenham, in its role as a host borough for the Olympic and Paralympic games, but also a challenging one with the financial pressures we all face.

We are proud that the Olympic flame will come through our borough. The Olympics are already bringing improvements to local sports, arts and leisure provision which will promote health and wellbeing, and we are using this opportunity to promote the borough and encourage investment – which means jobs and opportunities for local people.

Our aim of **building a better life for all** means that investment in our borough is very important. Work to provide new facilities is already underway:

- Our young people will be able to access high quality training at the Technical Skills Academy from September 2012.
- Building on the success of Dagenham's new Becontree leisure centre which opened in May 2011, Barking will benefit from Abbey Sports Centre being rebuilt by Spring 2014 to provide first rate leisure facilities for the whole area.
- A major programme of estate renewal is underway on the Goresbrook Village, Leys and Gascoigne estates.

We are ambitious for the future of Barking and Dagenham. Our aims are:

- **Raising household incomes**
We will make improvements to employment and skills levels by providing proactive support to help local people back into work or training, and promoting the area to businesses and developers.
- **Improving standards in school and post-16 education**
Our services focus continually on improving aspirations and achievement to deliver improved skills and employment outcomes for all ages in the borough.
- **Housing and estate renewal**
Our Housing Strategy for 2012-2017 focuses on delivering a range of improvements including investing in new ways to deliver affordable housing, council housing, decent homes and regeneration.

We know that in 2012/13 many local people are facing tough times so we will freeze Council Tax again this year, and continue to provide support to individuals, families and businesses by working closely with our partners.

The Council continues to face challenges. We have had to make difficult budget decisions already and will continue to do so. We worked hard to involve local people in the budget setting process this year to ensure we focus resources in the right places. Our budget consultation received a positive response and helped us shape the final decisions.

The reduction in our funding from government comes at a time when our community's needs are becoming ever more complex and our population is growing faster than in other parts of London and the rest of the country. We are facing these challenges

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head on, and are working on new ways to continue to deliver services with less money. Some examples include:

- Aiming to save around £70m over seven years through Elevate, our Joint Venture with Agilisys.
- Saving money in administration and costs of running the Council to ensure front-line services are protected and reducing senior management costs.

We want to be an organisation which encourages innovation and initiative, where talent is developed and nurtured, and people are treated fairly and with respect. Our People Strategy sets out what we will do to ensure we have the right organisation and skills across the workforce to deliver our ambition. The focus for 2012/13 continues to be on:

- Workforce planning – having the right people with the right skills at every level, actively developing potential.
- Performance management and reward – rewarding good performance, addressing poor performance.
- Well-being – creating a working environment where people can be productive.
- Employee engagement – keeping our people informed and making them feel part of the future.

Councillors, the senior management team, and staff from across the Council will work together with our partners like health, voluntary groups, businesses, the Police, Job Centre Plus and Barking and Dagenham College, to deliver our aims for the borough.

Councillor Liam Smith
Leader

OUR STATEMENT OF PRIORITIES

Our Borough

Barking and Dagenham is a dynamic place with a vibrant community and complex challenges.

The latest estimate for the total Borough population is 179,700 (Office of National Statistics (ONS) mid-year estimate 2010), an increase of almost 14,000 since 2001. The most significant increases have been within the younger age groups (0-9 years) putting pressure on school places and housing.

The borough offers a unique mix of urban living with good and improving transport links both into London and the Essex countryside, and has its own impressive parks and open spaces. There are significant investment opportunities with substantial brownfield sites for development. We want to encourage growth and unlock the potential of the borough and its residents.

In 2011/12 we have already:

- Opened the new Becontree leisure centre in Dagenham
- Given Barking Station a face-lift - improving the pedestrian area and access
- Secured £45million of Government grant funding to invest in meeting school place demand
- Increased the percentage of secondary schools rated as outstanding or good from 56% in 2009 to 67% in 2011
- Opened the Dagenham Business Centre offering 21 light industrial/office units for sale or to let and the Barking Enterprise Centre offering office accommodation and on-site support

We are still however ranked 22nd of 326 authorities in the Index of Multiple Deprivation (2010) meaning that the Borough has some of the most deprived areas in England and that there are people in need across the borough. We have the second lowest household incomes in London (CACI social data supplier 2009), and the local unemployment rate, which was higher than the rest of London even before the recession began, continues to rise.

The Council, working with its partners, has delivered many services to support local people to gain skills and jobs. However, the difficult economic circumstances are proving a challenge to narrow the gap of socio economic figures of the Borough compared to London averages.

Our priorities

This statement supports the delivery of the Barking and Dagenham Partnership's aim of *'working together for a better borough that is safe, clean, fair and respectful, prosperous and healthy and where our young people are inspired and successful'*, and sets out the Council's aims for the coming year, and what we will achieve within our budget. We are leading the community and tackling the challenges we face in a range of ways and setting out what we will do and what you will see as a result.

Despite the challenging economic climate, we are determined to continue to focus on our aims for the Borough, which are:

Raising household incomes

We will:

- Deliver the Barking Town Centre Strategy to encourage investment and bring jobs to the town through improvements to Barking Station, the town centre's roads, pedestrian areas and green spaces, additional commercial space and 4,000 new homes by 2025.
- Redevelop Dagenham Dock as a sustainable industrial development with improvements to infrastructure and 'green links' between businesses and transportation creating new employment opportunities, to be delivered in phases up to 2040.
- Improve industrial areas, promote the borough to businesses and opportunity sites to developers, and work with partners to deliver a wide-ranging programme of activities to stimulate the creation of 10,000 new jobs by 2026.
- Open the Technical Skills Academy in September 2012 to improve access to training and raise skill levels and confidence of the local community to get quality jobs. Work with partners to provide advice, guidance and support to help local people find and compete for jobs

Improving standards in school and post-16 education

We will:

- Invest £18million in the borough's primary schools and allocate £27million for investment in secondary schools and other programmes to provide additional places.
- Continue to improve GCSE results aiming to match national levels for pupils gaining A*-C including maths and English by August 2012.
- Ensure there are ways to support all young people to remain in education and maximise their opportunities such as through the apprentice scheme.

Housing and estate renewal

We will:

- Complete the estate renewal programme to demolish 1,790 non-decent homes and provide 1,200 new Council and mixed-tenure homes in 2015.
- Deliver a major regeneration programme providing 1,100 new homes on key sites such as Academy Central and Lymington Fields by 2016 and 10,000 new homes on Barking Riverside.
- Establish a new and innovative Housing Local Education Partnership to deliver 472 new and affordable homes in 2014.

The aims are underpinned by the theme, **a well-run organisation**. We will continue to provide a range of day to day services and effective behind the scenes support to ensure we meet both our legal responsibilities and the needs of the community.

In 2012/13 we will focus on ensuring that we implement innovative ways of working through our IT strategy enabling quicker and easier access to our services for customers and more efficient ways of working for our staff. We will also implement the budget savings agreed for the coming year, completing restructuring in services and management teams.

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As well as our overall aims we also have four priority themes. These are listed below with the main issues we will be focusing on in 2012/13 which reflect some of the other core services we provide.

- **Better together – we will:**
 - Continue to work with the Police and community to reduce crime and solve local problems such as anti-social behaviour.
 - Provide more positive things for young people to do such as opening a new outdoor BMX facility at Becontree Heath Leisure Centre by December 2012.
 - Continue to empower local communities to take over and run local community facilities and to develop vibrant local communities.
 - Continue to ensure the Council for Voluntary Service (CVS) and other third sector organisations have a strong local voice through the Barking and Dagenham Partnership with other public and private sector organisations, and specific projects such as Olympic volunteers.
 - Continue to help communities keep children and adults safe.

- **Better homes – we will:**
 - Continue to invest in and implement our programme of housing and estate renewal.
 - Continue to improve services such as refuse and recycling collections, street cleaning and environmental health services such as pest control so that we have a clean borough with low levels of litter and graffiti.
 - Complete our programme of road and footpath repairs by March 2013.

- **Better health and well-being – we will:**
 - Work with the NHS to transfer public health services to the Council so that we can work together to support local people to live healthier lives.
 - Work with partners to develop and implement the Health and Wellbeing Strategy to ensure services are focussed on the needs of local people.
 - Work with GPs and local providers to improve joined up services delivered through children's centres and schools to improve children's health and give them the best possible start in life.
 - Continue to campaign for and support improvements to Queen's hospital.
 - Support older people to be fit and active by providing free leisure activities.
 - Provide social care services to meet people's needs.

- **Better future – we will:**
 - Provide ongoing support to residents through tough times by ensuring people get the benefits they are entitled to and by providing targeted schemes and programmes with our partners.
 - Continue to provide support to families most in need to ensure that children and young people have the best chance to succeed.
 - Take advantage of the opportunities of the Olympics and Paralympics, promoting inward investment and development opportunities creating employment.

Our Policy House (available on the Council's website
<http://www.lbbd.gov.uk/CouncilandDemocracy/Documents/council-plan-11-12-policy->

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house.pdf) sets out the three overall aims and the outcomes we want to achieve under each of the four priority themes.

To track how we are doing towards achieving these aims we monitor a range of performance measures, some of which are listed below. We are also working hard with other host Olympic boroughs to close the gap between our performance and the average across London.

- Overall, 64% of residents are satisfied with the local area as a place to live (2011). This has increased by 10% from the previous year and our target is to increase this further in 2012/13.
- We are aiming to reduce the time it takes to process Housing benefit and Council Tax benefit change of circumstances from 16.5 days (December 2011) to a provisional target of 15 days by March 2013, and process new claims within 21 days.
- The percentage of pupils achieving 5 A*-C GCSEs (including English and Maths) continues to increase from 51.7% in 2010 to 56.6% in 2011. The target across the Olympic host boroughs is to narrow the gap against the London average by increasing performance by 3-4% annually.
- In the borough the percentage of 16 to 18 year olds who are not in employment, education or training is reducing, from 7.9% in 2009/10 down to 6.9% in 2010/11.
- In 2010/11 there were 25.48 violent crimes per 1,000 population. This was a reduction from 30.40 the previous year. Across the host Olympic boroughs our target is to reduce this by another 3-4% by 2014/15.
- In 2010/11 24.3% of school children in year 6 (age 10-11) were obese. The host Olympic boroughs target is to reduce this to 22.6% by 2014/15.

How we will fund our plans - our Medium Term Financial Strategy

The Council's net budget in 2012/13 is £177.4 million. In 2011/12 our budget was £183.4 million and in 2010/11 we spent £167.3 million.

This reduction in the Council's budget is due to reduced resources from Government. Our financial analysis shows that we are facing a reduction of £20.2m (13.7%) over a two year period, including reductions on Formula Grant, Specific Grant and Area Based Grant. These grants account for approximately 18% of the Council's overall gross budget. Other funding comes from Council Tax (8%), dedicated schools grant (23%) and the remainder from income from services and other third party payments (51%).

While we try to influence Government decisions in the interests of local residents, the Council has no choice about how much money it is given from them. There is still no official notification of our level of grant funding for future years. The Council's Medium Term Financial Strategy (MTFS) prudently estimates further reductions in 2013/14 and 2014/15.

We do however have the ability to choose how we spend our money and how much money we raise from local residents – and have chosen, again, to freeze Council Tax which enables us to take advantage of the Council Tax freeze grant from Government equivalent to a 2.5% increase. Members decide the priorities for the Council and where

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to focus spending by listening to local people through their surgeries, ward activity, annual Residents' Survey and from their own policy perspective.

The Council has listened to the views of local people in setting its budget for 2012/13. Residents were able to share their views on the budget proposals through a series of meetings, Leader's Question Time, on Facebook and Twitter, and through the Council's website. In response to the feedback, changes were made to several proposals. Residents played a valuable part in the process ensuring the budget has gone through a robust challenge process before Councillors made their final decisions.

The financial principles the Council will follow are:

- A balanced budget
- Budget decisions based on Members' priorities
- All employees, partners and contractors are required to "treat every pound spent as though it is the last pound in your purse"
- Managers are responsible and accountable for their budgets
- Robust but not excessive levels of reserves and contingencies
- Strong financial systems and processes
- Effective commissioning
- Affordable investments to improve services and maintain assets
- Income maximisation
- Continued efficiency, elimination of waste and value for money

We manage the risks associated with the achievement of our priorities and the management of the Council and its budget through a robust risk management process, with headline risks summarised in the Corporate Risk Register.

In conclusion, the Council is trying to improve the lives of local people, particularly at a time when economically things are tough.

Comments, ideas or questions?

If you have questions about this statement, or you require this information in another format e.g. in large print or in a language other than English, please contact the Council's Policy & Performance team on 020 8227 2343.

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February 2012

ASSEMBLY

22 FEBRUARY 2012

Title: Budget Framework 2012/13	
Report of the Cabinet Member for Finance and Education	
Open	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Jonathan Bunt, Divisional Director of Finance	Contact Details: Tel: 020 724 8427 E-mail: jonathan.bunt@lbbd.gov.uk
Accountable Divisional Director: Jonathan Bunt, Divisional Director of Finance	
Accountable Director: Tracie Evans, Corporate Director – Finance and Resources	
<p>Summary:</p> <p>This report sets out the:</p> <ul style="list-style-type: none"> • The Medium Term Financial Strategy and a two year summary level financial model for the Council; • The level of savings already approved over the three-year period; • The detailed, annual revised budgets, revenue outturn estimates for 2011/12 and 2012/13 proposed budgets; • The financial outlook for 2013/14 onwards; • The proposed level of Council Tax for 2012/13; • The capital investment programme; • The prudential indicators. <p>The General Fund net budget for 2011/12 is £183.381m and the proposed net budget for 2012/13 is £177.379m. The budget for 2012/13 incorporates a reduction of grant by the Government, decisions previously approved by Members in the Medium Term Financial Strategy, savings approved by Cabinet Members on December 14th 2011 and other financial adjustments.</p> <p>Difficult decisions have been made by Members to ensure a robust and balanced budget is set, protecting front line services as far as is possible and providing value for money to our residents. This has been achieved within the context of a zero increase in Council Tax paid by residents for a fourth consecutive year.</p> <p>The current 2011/12 to 2015/16 capital programme for the Council is £218.5m and the proposed programme is £459.7m for 2012/13 to 2015/16, including £166.9m proposed HRA schemes.</p> <p>The proposed Council Tax for 2012/13 is to remain at the current level (for a Band D property £1,016.40).</p>	

The Greater London Authority precept for a Band D property has been reduced by 1% from £309.82 last year to £306.72 for 2012/13. The GLA precept was approved by the London Assembly on 9 February 2012.

The Medium Term Financial Strategy and the Capital Programme has been developed focusing on key Council priorities.

This report was considered and endorsed by the Cabinet at its meeting on 14 February 2012 (subject to updates that have been made since the Cabinet report's publication to represent the most current position). In addition to endorsing the recommendations below, the Cabinet also noted details of the capital accounting arrangements and the prudential indicator capital guidelines as set out in sections 7 to 9 of this report, as well as the continuing need to identify relevant efficiency gains throughout the organisation.

Recommendation(s)

Assembly is recommended to agree:

- (i) A revised revenue budget for 2011/12 of £183.381m as detailed in Appendix B to the report;
- (ii) A base revenue budget for 2012/13 of £177.379m as detailed in Appendix C;
- (iii) That the current surplus arising from additional specific grant income be held in the Contingency budget, pending the announcement of the top-slice requirement and to mitigate future risks;
- (iv) The adjusted Medium Term Financial Strategy position for 2011/12 to 2014/15 allowing for other known pressures and risks at this time as detailed in Appendix E;
- (v) The Statutory Budget Determination for 2012/13 at Appendix D, which reflects a freeze, for the fourth consecutive year, on the amount of Council Tax levied by the Council, with a 1% reduction in the Greater London Authority precept approved by the London Assembly on 9 February 2012, as detailed in Appendix F;
- (vi) The Council's five-year Capital Programme as detailed in Appendix G.

Reason(s)

Local authorities are required by law to set a balanced budget for each financial year. It is the responsibility of the Assembly to approve all aspects of the annual budget framework, including the setting of Council Tax levels.

1. Introduction and Background

- 1.1 The purpose of this report is to seek agreement to the budget for 2011/12 of £183.381m and the revenue budget for 2012/13 of £177.379m. This reduction between the two financial years is mainly due to reductions in Government Grants of c£6m, although the Council has faced other demographic and inflationary pressures which meant that additional savings have had to be found. This report focuses on the Council's General Fund expenditure and Council Tax level however does mention the Council's other financial streams in order to provide a context.
- 1.2 The report also sets out the Medium Term Financial Strategy for 2011/12 to 2014/15 and the Council Tax levels for 2012/13.

2. The Council Statement of Priorities and links to other strategies

2.1 The Council Statement of Priorities for 2012/13 focuses on how the Council can achieve its priorities in the context of reduced resources identified within the Medium Term Financial Strategy. The Council Statement of Priorities is presented for approval elsewhere on this agenda.

2.2 The Medium Term Financial Strategy has been developed in the time of significant national funding cuts, focusing the Council's core objective of "Building a better life for all" by protecting front line services and providing a well run organisation. The Medium Term Financial Strategy underpins the Council's three main objectives:

- Raising average income in the borough
- Schools and post-16 education
- Housing and estate renewal

2.3 Other key strategies essential to the successful delivery of the Medium Term Financial Strategy are:

- Treasury Management Strategy – maximises the Council's investment income and cash flow, which underpins the delivery of the MTFS
- Property Assets Strategy – enables the Council to make efficient and effective use of the asset space and drive down the cost of accommodation
- Procurement Strategy – ensures that procurement and contract regulatory and legal requirements are adhered to, as well as achieving Value for Money. The Council's procurement and contract rules are set out in the Council's Constitution
- Risk Management Strategy – details the levels of risks and sensitivities of financial risk that exist and the controls required to sufficiently manage those risks down
- Capital Programme – prioritising capital bids and existing capital programmes in line with statutory demands and member's priorities, on a fully funded basis, supported with and by the Council's disposal plan

3. Medium Term Financial Strategy

3.1 National pressures & funding position

The Comprehensive Spending Review (CSR) 2011/12 to 2014/15 was announced in October 2010 covering a four-year period, whilst the Local Government Funding Settlement was announced for the first two years of the Spending Review period.

3.2 At the time of writing, the provisional funding settlement for 2012/13 has been issued, however no further information, other than provisional data released, is available regarding the remaining two years of the Spending Review period – 2013/14 and 2014/15. The estimated funding reductions in the Medium Term

Financial Strategy assume that the overall funding reductions will broadly be 28% over the four-year period.

- 3.3 Recent indications from the Department of Communities and Local Government (DCLG) are that funding for 2015/16 will reduce by 5-8% and funding for 2016/17 by 7-9%. These indications from the Government suggest that whilst funding will remain broadly flat, there will be a larger reduction in revenue because of a redirection of revenue to capital in order to stimulate economic growth. The Council must therefore continue to identify revenue efficiencies as well as manage increasing demand for services, demographic pressures and inflationary increases on our contracts.
- 3.4 The table below illustrates the funding adjustments that overall reduce our base budget requirement from 2011/12 to 2014/15:

Table 1 – Budget requirement and adjustments in Government funding

Budget requirement and Government Funding	2011/12 £'m	2012/13 £'m	2013/14 £'m Estimated	2014/15 £'m Estimated
Formula Grant	107.8	99.0	93.0	88.0
Specific Grants	20.1	20.7	20.0	17.0
% Reduction in core funding	9%	6%	6%	7%
Council Tax Freeze Grant	1.3	2.7	1.3	1.3
New Homes Bonus	0.4	1.5	0.5	0.5
Academies Top-slice (estimated)		-0.6		
Total Government Grants	129.6	123.3	114.3	106.3
Council Tax	53.6	54.0	54.0	54.0
Collection Fund surplus	0.2			
Budget requirement	183.4	177.4	168.3	160.3

*Figures have been rounded in the above table

- 3.5 **2012/13 Budget Position**
Cabinet on the 14th December 2011 approved savings proposals and other adjustments for the 2012/13 draft budget. The position after Cabinet meant that the Council had a small surplus of £61k for 2012/13 and a budget gap of £4.291m for 2013/14. The surplus of £61k represents less than 0.05% of the Council's net budget requirement for 2012/13.

Table 2 – MTFS budget gap/(surplus) following December 14th 2011 Cabinet

Medium Term Financial Strategy Pressures and Adjustments	2012/13 £'000	2013/14 £'000
MTFS Pressures (February 2011 Assembly)	16,550	11,315
MTFS Savings (February 2011 Assembly)	10,187	11,000
MTFS Budget Gap – February Assembly 2011	6,363	315
Service pressures and central adjustments (net)	2,435	3,700
Approved MTFS Budget Gap – October 2011	8,798	4,015
Additional Savings – October 2011 (before Select Committees)	(9,883)	(1,127)
Net Budget gap – October 2011 (surplus)	(1,085)	2,888
Select Committee / Leaders QT savings withdrawn	60	0
Savings to proposed for withdrawal/deferred/amended	964	1,403
Revised Headroom (-) / Budget gap (+) following withdrawn proposals and savings to be deferred	(61)	4,291

- 3.6 In order to agree the 2012/13 Budget Requirement, additional information is now available following the December Cabinet report and summarised in Table 3 below.
- 3.7 The allocation for Specific Grants has increased compared to the indicative funding announcement by £697k. These grants are now pooled centrally as a source of funding in addition to the Formula Grant and are now longer ring-fenced for specific services. This approach is in line with the Government's policy of reducing the number of ring fenced and specific grants, allowing councils to direct funding as required to meet specific areas of need.
- 3.8 The Government has now issued provisional details of the Formula Grant and other specific grants but has not yet announced the national top slicing of funding for academies. The top slice for 2011/12 was £565k and pending confirmation; this figure has been assumed for 2012/13. In addition to the academies top-slice, the top-slice for private sewers, estimated to be approximately £60k is yet to be confirmed.
- 3.9 The surplus on the Collection Fund was £200k last year and it was estimated at the time of producing the Medium Term Financial Strategy that this surplus would remain for 2012/13. A further review has now been completed for the Collection Fund, and this surplus is now estimated to be £30k. This has resulted in a reduction of the surplus of £170k.
- 3.10 Following a review of recharges relating to the management of HRA properties during the 2012/13 budget setting process, a further £175k adjustment has been made to recharge budgets within Finance & Resources.
- 3.11 The Council has agreed to implement the London Living Wage from January 2012. The cost of this has been calculated as £35k and has been built into the table below.
- 3.12 A separate Council Tax setting report approved by Cabinet on 14 December 2011 set the Council Tax base for 2012/13 of 53,086.90 taxable Band D equivalent

properties, which represents an increase on the Council Tax base of 363.2 properties. This will generate additional income of £369k for the Council in 2012/13.

3.13 Following their initial submission, the savings (detailed on pro-formas) agreed by Cabinet have been reviewed and any necessary amendments have been highlighted. As a result, there is a requirement to adjust two of the savings pro-formas:

- CEX/SAV/01 – Restructure of senior management. The saving of the Legal Services Group Manager was double counted within the Legal & Democratic Services restructure proposals. In addition, the saving relating to the Divisional Director Mental Health post will still be deleted, but the saving will be used towards the North East London Foundation Trust (NELFT) section 75 agreement management fees.
- CEX/SAV/01 – Restructure of policy teams. The split of recharges between the general fund and the housing revenue account has been recalculated following the agreement of the specific savings to be made. The net effect is an increase in the saving to the general fund of £42k.

Table 3– Adjusted Budget Gap 2012/13

Medium Term Financial Strategy Pressures and Adjustments	2012/13 £'000
Approved MTFs Budget Surplus (December 2011 Cabinet)	(61)
Specific Grants (2012/13 announced, 2013/14 not yet announced)	(697)
Academies top sliced grant	565
Reduction in Collection Fund Surplus	170
Private sewers top slice to formula grant	60
Further review of internal recharges between Directorates	175
Council Tax base increase	(369)
London Living Wage	35
<i>Updated savings proposals</i>	
Senior Management/Legal & Democratic Services	71
Senior Management/Adult & Community Services	50
Policy review	(42)
Revised MTFs Budget (Surplus)/Deficit	(43)

3.14 These amendments have decreased the budget surplus from £61k to £43k for 2012/13.

3.15 The levy for Lee Valley Regional Park Authority has been announced but is still subject to confirmation. The levies for the East London Waste Authority, London Pension Fund Authority and the Environmental Agency have been confirmed. Full details are shown in Table 4.

Table 4 – Position regarding levies

Levy	2011/12 £'000	2012/13 £'000	Change %
East London Waste Authority (ELWA)	8,147,000	8,480,000	4.08%
London Pension Fund Authority (LPFA)	180,026	180,026	0%
Lee Valley Regional Park Authority *	155,869	152,409	-2.2%
Environment Agency	103,743	103,546	-0.2%
Total Levies	8,586,638	8,915,891	3.8%

*Subject to confirmation

3.16 At present, the surplus of £43k is allocated to the Central Finance budget. The options for this surplus are set out below and it is recommended that the sum be held as an additional contingency item to mitigate future risks (option 2):

- Identify areas of investment for the surplus savings;
- Hold the surplus as an additional contingency to mitigate against the unconfirmed levies or as a provision to increase balances;
- Allocate to Directorates (Children's Services and Adult and Community Services) the increases in specific grants, though this will reduce the budget surplus of £43k to a potential budget deficit of £654k.

3.17 The MTFs summary as agreed by Cabinet in December 2011 is provided in Appendix A of this report for reference purposes.

4. Revised budget for 2011/12 and proposed budget 2012/13

4.1 Revised budget for 2011/12

The revised budget for 2011/12 of £183.381m has been calculated on the original 2011/12 budgets approved by Assembly in February 2011 and amended for approvals by Cabinet throughout the year. Appendix B shows the departmental position for the revised 2011/12 budget.

4.2 At the end of December 2011, the Council is forecasting an under spend position of £2.2m for 2011/12. The current projected under spend of £0.7m, and the planned contribution to balances of £1.5m, could result in the General Fund balance increasing by £2.2m to £13.0m. Despite the overall projected underspend position, the Council is reporting pressures in the Directorates of Housing and Environment, and Children's Services.

4.3 These pressures have been modelled into the Medium Term Financial Strategy to ensure that a robust budget is set for 2012/13. The adjustments made to the Medium Term Financial Strategy are detailed in the report presented to Cabinet on 14 December 2011 (paragraphs 4.5 and 4.6).

4.4 Proposed budget for 2012/13

The proposed budget for 2012/13 has been set taking the 2011/12 original budget approved by Assembly in February 2011, adjusted for items as set out in the MTFS approved by Cabinet on 14 December 2011:

- Reductions in Government funding of c£6m;
- Statutory, economic and demographic pressures;
- Local budget pressures and central accounting adjustments to contingencies;
- Supporting the Council's capital investment strategy and;
- Saving options for 2012/13.

4.5 In order to set a robust budget the above adjustments have been incorporated. The CFO has advised that in order to ensure the Council's financial base is not eroded that Council Tax levels should increase however, a political decision has been made to keep the increase at 0% for a further year.

4.6 Proposed Directorate budgets are provided in Appendix C and the Statutory Budget Determination for 2012/13 is set out in Appendix D of this report.

4.7 In order to address the funding reductions as well as other service pressures outlined in the Medium Term Financial Strategy, Cabinet in December 2011 approved savings of £19.046m in respect of 2012/13. An analysis of savings by Directorate has been provided in Appendix B of the Budget Strategy Report (December 2011). An equalities impact assessment of savings options has also been completed based on separate assessments for each saving and can be found at Appendix E of the same report.

4.8 The proposed budget requirement for 2012/13 is £177.379m.

5 Future forecasted funding reductions/pressures and updated savings

5.1 As noted above, the report in December 2011 summarised a number of potential pressures facing the Council in the medium term. The paragraphs below briefly outline the current estimate of those pressures and the impact on the Medium Term Financial Strategy (MTFS) which will be updated accordingly.

5.2 An indicative settlement for 2013/14 and 2014/15 were given in the CSR in October 2010 and these have been used in the modelling for the MTFS so far. The December 2011 finance announcement for 2012/13 gave no detail for later years and this indicates that the settlement for years three and four of the CSR period may be reconsidered by the Government. It is difficult to second guess what this will mean at this stage and therefore no amendments have been made to the indicative figures currently built into the MTFS.

5.3 In his autumn budget speech in November, the Chancellor of the Exchequer announced a potential 1% pay rise for public sector workers from 2013/14. Whilst this will be subject to national negotiation, the likely impact for Barking & Dagenham is approximately £1m and it is prudent to incorporate this estimate into the MTFS. However, it is unlikely that this increase would apply to all staff.

5.4 Within the CSR, a 10% reduction in the grant paid to local authorities for Council Tax Benefit (CTB) was announced to be generated through savings the Coalition

Government believes can be made through the application of local criteria for the allocation of the benefit. The current CTB cost to the Council is approximately £20m resulting in a benefit funding cut of £2m.

5.5 From 2013/14, the Coalition Government is proposing to change the way it funds local authorities through the Resource Review sometimes called the localisation of business rates. The broad assumption is that this will have a neutral effect on funding through the top slice/top up tariff mechanism. There are risks and opportunities associated with the localisation of business rates, however, the impact cannot be fully assessed at this stage and has not been incorporated into the MTFS.

5.6 As part of the setting of both the 2011/12 and provisional 2012/13 budgets, the Council has taken advantage of the government's Council Tax freeze grants. Whilst the grant for 2011/12 is expected to be incorporated into the on-going grant funding of the Council, the monies for 2012/13 are only offered as one off funding and therefore will not be available again in 2013/14. This therefore becomes a pressure which will need to be budgeted for.

5.7 Library savings proposal

At its meeting on 14 December 2011, Cabinet agreed to the following:

- Closure of Wantz and Markyate libraries;
- Implementation of the break clause to allow the relocation of services from the Muirhead Quay depot to Valence Library;
- Creation of an integrated service in Thames View by bringing the library and children's centre service together;
- Development of the services offered from Valence Library, Valence House and the adjacent park for children, young people and older people.

It is estimated that these proposals will achieve a full year saving of £425,300.

As further options are required to ensure that the Council's savings target can be achieved, officers have developed a further proposal which has two key elements:

- Closure of the Castle Green library; and
- Re-shaping the service currently delivered at the Marks Gate library.

It is estimated that the savings from these proposals will be £226,000 in 2013/14. This has been reflected in the projections in Table 5 but has yet to be formally approved by Cabinet. It is considered that further savings to the General Fund (up to £178,000) in future years could result from the transfer of PFI costs associated with the library to Jo Richardson School, if and when the school take over the operation of this space.

5.8 The total impact of these known pressures and adjustments is shown in table 5 below. The MTFS adjusted for the changes in Table 5 below has been provided in Appendix E of this report.

Table 5 - Impact of future pressures the MTFS budget gap

Medium Term Financial Strategy Pressures and Adjustments	2013/14 £'000	2014/15 £'000
Approved MTFS Budget Gap – December 2011	4,291	14,311
Public sector pay award	1,000	1,000
Council Tax Benefit reform	2,000	
Council Tax Freeze Grant	1,315	0
Library savings proposal	(226)	
Revised MTFS Budget Gap	8,380	15,311

5.9 Other unknown factors at this stage include:

- The impact of the Welfare Reform legislation – The full impact of this reform will only be known over the next five years. One impact that is being discussed is the potential reduction of the Benefits Administration Grant. Barking and Dagenham Council currently receive £1.965m and the Government's intention is to reduce this funding following the implementation of localisation of Council Tax Benefit.
- National Funding Formula for the Dedicated Schools Grant – The introduction of the National Funding Formula could result in the funding being paid directly to schools. This change could impact on recharges to the Dedicated Schools Grant (est. £700-£800k) as well as other centrally retained costs.
- Local Government Resource Review - The impact of any loss of collection on the National Non Domestic Rates (NNDR) as well as the impact of existing businesses leaving the borough, would pass onto the Council if proposals under discussion are carried out. The positive impact is that if the Council is able to regenerate the local economy by encouraging business growth, this will create additional funding that can be used towards services.

5.10 Risks to the Settlement from 2013/14 onwards

As noted above, the current information on the settlement from central government from 2013/14 is very limited. The presentations and briefings from the Department for Communities and Local Government (CLG) and the Treasury indicate that the level of funding will reduce even further than initially anticipated and will continue reducing until around 2018/19.

5.11 Early indications from CLG are that 2015/16 grant will reduce by 5-8% and 2016/17 by 7-9%. Due to the uncertainty around the 2013/14 and 2014/15 settlement, apart from what was announced in the October 2010 CSR, the MTFS model currently assume a 6% reduction in grant for 2013/14 and a 7% reduction for 2014/15.

5.12 To provide Members with an early illustration of the potential impact, the table below gives scenarios for different levels of reductions. Based on early indications, the funding reduction for 2015/16 could range between £5.4m to £8.1m and the reduction for 2016/17 could range between £6.7m to £8.1m. The potential funding reduction has been highlighted in Table 6 below. Broadly, a 1% reduction in grant equates to a funding cut of approximately £1.2m, taking the 2012/13 grant allocation as a starting point.

Table 6 – Indicative cuts to central funding from 2013/14 to 2018/19

% of Reduction	5.00%	6.00%	7.00%	8.00%	9.00%
	Annually	Annually	Annually	Annually	Annually
	£000's	£000's	£000's	£000's	£000's
2013/14	5,988	7,185	8,383	9,580	10,778
2014/15	5,688	6,754	7,796	8,814	9,808
2015/16	5,404	6,349	7,250	8,109	8,925
2016/17	5,134	5,968	6,743	7,460	8,122
2017/18	4,877	5,610	6,271	6,863	7,391
2018/19	4,633	5,273	5,832	6,314	6,726

6. Council Tax requirement

- 6.1 The proposed LBBB element of the Council Tax for 2012/13 is to remain at the current levels (£1,016.40 for a Band D property). This will be the fourth consecutive year the Council has set a budget without increasing Council Tax. The Council Tax base for 2012/13 is 53,086.9 and is an increase of 363.2 Band D equivalent properties compared to the 2011/12 base of 52,723.7.
- 6.2 The Mayor of London has proposed a 1% reduction in the Greater London Authority precept for 2012/13. The precept will be reduced from the 2011/12 amount of £309.82 to £306.72 (Band D property). This reduction was approved by the London Assembly on 9 February 2012.
- 6.3 Councils who opt to freeze their Council Tax will receive a one off cash grant from the Government. Barking and Dagenham has received additional funding of £1.3m and this has been factored into the MTFS model.
- 6.4 The calculation of the proposed Council Tax for 2012/13 is shown in Appendix F.
- 6.5 The Council Tax must be set before 11th March of the preceding year.

7. Capital programme

- 7.1 The Council is required to review its capital spending plans each year and set a capital programme. A key consideration when setting the programme is the projected level of available capital resources and the affordability of the overall programme.
- 7.2 In line with Members' objective of minimising the Council's external borrowing requirements, bids must be prioritised into "statutory" (e.g. school places), "essential" and "Member priorities".
- 7.3 In order to meet the statutory demand for school places, the Council will continue to lobby for additional funds from central Government. Through successful lobbying to date by Members and officers, the Council has been awarded an additional £23.9m of Basic Needs funding in 2011/12 in respect of school places.

7.4 It is also proposed that future capital expenditure is funded on a “Pay as You Sell” basis, with Members agreeing the Council’s disposal programme, both in terms of which assets that can be sold as well as when to sell them. Although the disposals programme will generate some capital receipts, Members are advised that external borrowing will still be required to fund the existing capital programme and that previous decisions have been made by Members to borrow £152m. These are the culmination of capital decisions approved by Cabinet since 2008/09.

7.5 To ensure that the capital programme remains affordable, it is proposed to cap the overall capital programme, as well as limit the amount of overall borrowing by setting a gearing ratio for the Council.

7.6 Current capital programme

The current capital programme for the Council is £163.9m for 2011/12. The capital programme is supported by the Capital Delivery Team (Assets and Commercial Services) and is monitored by the Finance Capital Team. Full details of the current programme on a per scheme basis are provided in Appendix G of this report. The current programme is funded by £89m grants and contributions, £23m other sources (e.g. funds from S106 agreements and HRA Major Repairs Allowance and £52m planned future borrowing. Forecast borrowing requirement for 2011/12 is £55m due to capitalisation of redundancy costs of £3m in addition to the existing programme.

7.7 Proposed capital programme 2012 to 2015

The proposed capital programme is shown below and has been developed with the concept of prioritising projects into “statutory”, “essential” and “Member priorities”.

Table 7 – Proposed capital programme 2012 to 2015

Capital Expenditure	2010/11	2011/12	2012/13	2013/14	2014/15
£'000	Actual	Estimate	Estimate	Estimate	Estimate
General Fund	82,547	116,432	44,068	6,001	4,350
HRA *	23,643	47,466	60,700	52,400	53,800
Approved Capital Prog		163,898	104,768	58,401	58,150
HRA settlement		265,000			
General Fund proposed bids		3,000	40,071	23,370	7,892
Total	106,190	431,898	144,839	81,771	66,042
Financed by:					
Capital receipts	227	0	3,000	2,700	2,000
Capital grants and Cont.	51,608	97,382	57,875	32,370	17,392
Capital reserves	10,854	13,927			
HRA resources	7,333	698	36,700	37,400	38,300
Net financing need for the year	36,168	319,891	47,264	9,301	8,350
Current planned borrowing		316,890	44,264	6,001	4,350
Funding Gap		3,001	3,000	3,300	4,000

*HRA programme from 2012/13 is based on the draft HRA business plan

7.8 The full list of approved schemes is included at Appendix Gi. In addition to approved schemes, total further capital proposals amount to £267m, with a further £166.9m of bids proposed through the HRA business plan. Based on the current levels of proposed bids, there is a significant funding gap between proposed bids and existing resources. Therefore it is currently proposed to fund only essential Highways maintenance (£2m in 2012/13) and Required Asset Management Plan works (£1m per annum) and the capitalisation directive for redundancy costs (£3m per annum). New schemes which have funding from external sources will be approved as they become known. New sources of funding will need to be identified and secured to fund any further schemes.

7.9 Appendix G sets out the details of the capital programme:

Appendix Gi	Current capital programme
Appendix Gii(A)	Funding of current capital programme (2011/12)
Appendix Gii(B)	Funding of the 2012/13 capital programme
Appendix Giii(A)	Proposed list of prioritised bids and funding (£74m), plus a further £166.9m in respect of the HRA business plan.
Appendix Giii(B)	Proposed bids – all (£193m)

7.10 **Capital appraisal and monitoring system**

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

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

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

8. Prudential Indicators

8.1 On 1 April 2004 the Prudential Code introduced a new regulatory regime for capital finance. It freed authorities from government control allowing councils to borrow to finance capital investment so long as it could demonstrated that it was prudent, affordable and sustainable.

8.2 The Local Government Act 2003 requires councils in England and Wales to determine and keep under review the amount of money that they can afford to borrow for capital investment. The Prudential Code states the following factors should be taken into account when prioritising capital investment:

- Service objectives, i.e. strategic planning;
- Stewardship of assets, e.g. asset management planning;
- Value for Money, e.g. options appraisal;
- Prudence and sustainability, e.g. implications for external borrowing and whole life costs;
- Affordability, e.g. implications for Council Tax;
- Practicality, e.g. achievability of the plan.

8.3 Councils can finance capital expenditure in a number of ways, including borrowing, capital receipts, grants and contributions from revenue or via a Private Finance Initiative (PFI). The impact of the Council borrowing externally to finance capital expenditure since 2008/09 has impacted on increasing debt charges – in terms of interest payable costs and annual statutory charge for the repayment of debt, called the Minimum Revenue Provision. Consequently, capital bids requiring further borrowing will be thoroughly appraised on the principles of the Prudential Code, ensuring that limited resources are channelled effectively and the further debt charges are affordable.

8.4 The Prudential Framework is underpinned by a set of Prudential Indicators to measure whether capital investment is affordable, sustainable and prudent. Key Prudential Indicators relating to the capital programme include the Capital Financing Requirement.

9. Capital Financing Requirement (CFR)

9.1 The Council's Capital Financing Requirement is currently forecast to increase to £466m by end of 2011/12. This is largely due to the £265m borrowing required to finance the HRA self-financing settlement and a further £55m borrowing to fund this year's capital programme. The CFR is forecast to increase to £530m by 2014/15 based on current net financing need to fund the existing programme and the new Dagenham Park School PFI scheme (Table 8).

9.2 The Council currently has £70m external loans against borrowing decisions of £152m. The balance is being financed internally by borrowing from general fund balances and other reserves. This is currently prudent as interest rates for depositing cash is less than for borrowing therefore it is better to use available cash than to borrow.

Table 8 – Capital Financing Requirement (CFR)

£'000	2010/11	2011/12	2012/13	2013/14	2014/15
	Actual	Estimate	Estimate	Estimate	Estimate
Capital Financing Requirement					
CFR – non housing	142,491	169,983	219,698	220,210	219,752
CFR - housing	9,563	31,262	45,762	45,762	45,762
HRA Settlement		265,000	265,000	265,000	265,000
Total CFR	152,054	466,245	530,460	530,972	530,514
Movement in CFR		314,191	64,215	512	-458
Movement in CFR represented by					
Net financing need for the year (above)	40,189	54,891	47,264	9,300	8,350
HRA Settlement		265,000			
Dagenham Park School PFI			23,750		
Less MRP and other financing movements	-4,021	-5,700	-6,799	-8,788	-8,808
Movement in CFR	36,168	314,191	64,215	512	-458

- 9.3 In terms of the affordability of the capital programme, key Prudential Indicators include the impact on debt charges of increases in borrowing, as a percentage of revenue income (Council Tax, Formula Grant and non ring-fenced grant income).

Table 9 - Ratio of financing costs to revenue stream

%	2010/11	2011/12	2012/13	2013/14	2014/15
	Actual	Estimate	Estimate	Estimate	Estimate
General Fund	5.86%	7.25%	9.95%	11.79%	12.51%
HRA (inclusive of settlement)	1.29%	3.46%	9.26%	8.94%	8.63%

- 9.4 As can be seen in the table above, increases in borrowing to finance the capital programme result in increases in debt charges during a period where revenue income is falling, hence increasing the ratio of financing costs each year. The HRA ratio increases significantly in 2012/13 because of the interest payable impact (approximately £9.7m pa) on the £265m debt settlement. This is also reflected in the impact on housing rent levels below.
- 9.5 The affordability of changes in capital spending plans is further measured by the incremental impact on Council Tax and Housing Rents. This is shown in Table 10 below.

Table 10 - Impact of capital spending plans on Council Tax and rents

£	2010/11	2011/12	2012/13	2013/14	2014/15
	Actual	Estimate	Estimate	Estimate	Estimate
Council Tax - band D	0.00	0.02	0.04	0.01	0.01

£	2010/11	2011/12	2012/13	2013/14	2014/15
	Actual	Estimate	Estimate	Estimate	Estimate
Weekly housing rent levels	0.00	0.01	0.52	0.00	0.00

- 9.6 The full set of Prudential Indicators is included in the Council's annual Treasury Management Strategy statement.

10. Treasury Management Strategy

- 10.1 The Treasury Management strategy is presented as a separate report on this agenda. The Treasury Management Strategy 2012/13 covers the Treasury Management Annual Investment Strategy Statement, Treasury and Prudential Indicators, the Annual Investment, levels of external debt and borrowing limits, in compliance of section 15 (1)(a) of the Local Government Act 2003.

- 10.2 The Treasury Management Strategy sets out the Authorised Borrowing Limit of £528m for 2012/13, which will be the statutory limit determined by the Council, pursuant to section 3(1) of the Local Government Act 2003.
- 10.3 The CIPFA Code of Practice for Treasury Management in the Public Services places specific responsibilities on the Chief Finance Officer to ensure that revised prudential limits are reported to the decision making body and to ensure that appropriate monitoring and reporting arrangements are put in place to assess performance against all forward-looking indicators.
- 10.4 The Chief Finance Officer's view is that the 2012 to 2015 capital programme is prudent, sustainable and affordable

11. Finance Implications

- 11.1 This is a financial report which details the financial implications throughout the whole report.
- 11.2 The CFO has advised that an increase in Council Tax is required to protect the Council's financial base. However a political decision was made to keep the increase at zero.
- 11.3 The impact of not increasing Council Tax for a fourth consecutive year means that the Council's financial base has not increased in line with inflationary and demographic pressures. For each year the Council Tax is not increased, there is a year on year loss of income of approximately £500k per annum for each 1% that Council Tax is not increased by.

12. Legal Implications

- 12.1 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 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 a local authority is free to vary its policy and consequent service provision but members must have due regard to public law considerations when making a decision and ensure governance arrangements are robust. Relevant legal considerations will include:
- having due regard to any existing contractual obligations concerning existing service provision
 - having due regard to any legitimate expectations that persons already receiving services to be cut may have to either continue to receive a service or to be consulted directly before such service is withdrawn
 - having due regard to any rights which statute may have conferred on individuals and as a result of which the authority may be bound to continue its provision.
 - having due regard to the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments
 - having due regard to any consultation undertaken.

13. Other Implications

- 13.1 **Risk Management** - This report concerns financial risks carried by the Council. The report sets out how the Council will manage and minimise these financial risks.
- 13.2 **Contractual Issues** - There are no contractual risks directly linked to this report however the impact of the savings approved as part of this budget report may have an impact on individual contracts.
- 13.3 **Staffing Issues** - The savings proposals contained in this report clearly have implications for the staff who work in the relevant services. Full consultation will take place with those affected. The Council has sought volunteers for redundancy and will also look to redeploy people at risk of redundancy. The Council has advised the Trades Unions (and the relevant Government Department) of the likelihood of redundancies and we have a programme in place (Supporting Staff Through Tough Times) to assist any staff in difficulty.
- At this stage negotiations on the pay award in 2012 for local government staff are on-going. There is no requirement on local government employers to apply the public sector pay policy of this Government.
- 13.4 **Customer Impact** - Customer impact has been considered in the Equalities Impact Assessment appended to the savings report considered by members on 14 December 2011.
- 13.5 **Health Issues** - The indicative Public Health Grant shadow settlement has been announced but this is very much an indicative figure and Councils and PCTs will need to review the calculation of the figures.

The Department of Health has taken the 2010/11 out turn figures identified by PCTs in the autumn as expenditure on public health functions due to pass to local authorities in 2013; removing the expenditure in relation to termination of pregnancies, vasectomies and sterilisations and other council specific adjustments.

The 2012/13 shadow calculation for the Council is £11.019m, which is broadly £61 per head of population, compared to like-spend of £10.485m in 2010/11.

Despite the shadow announcement, councils still do not have the necessary information about what funding they will receive in 2013/14 which they need in order to plan for taking on their new public health duties. It is currently understood that final announcements of 2013/14 allocations will not now be available until December 2012.

In addition, the Government has issued draft statutory guidance that sets out the strategic duties that underpin the requirement of Joint Strategic Needs Assessments (JSNAs) and joint Health & Wellbeing strategies by the NHS and councils through health and wellbeing boards. The new mandated Health and Wellbeing Strategy will be developed by June 2012 incorporating a number of key principles:

- Be strategic and take account of the current and future health and social care needs of the entire population from pre-conception to end of life and take

account of the needs of that population including people in the most vulnerable circumstances such as carers, disabled people and the homeless.

- Act as the vehicle for joint commissioning/integration, considering the total resource available to commissioners to improve their population's health and wellbeing, and to come to a joint understanding as to how those resources can best be invested. This can be identified by Health and wellbeing Boards working with partners and understanding the added value of pooling resources (including people) in order to achieve greater impact and value for money.
- Focus on improving outcomes at a local level – health and wellbeing Boards will use JSNAs and joint health and wellbeing strategies to set and measure outcomes for the local community; but will also align these local priorities with the National Outcomes Frameworks for the NHS, public health and adult social care.

Background Papers Used in the Preparation of the Report:

- Oracle reports
- December 2011 Cabinet report
- February 2011 Assembly report
- Government funding letters

List of Appendices:

- Appendix A - Medium Term Financial Strategy Summary 2011/12 to 2014/15
- Appendix B - The revised budget for 2011/12
- Appendix C - The proposed 2012/13 revenue budget
- Appendix D - The Statutory Budget Determination for 2012/13
- Appendix E - Adjusted Medium Term Financial Strategy Summary 2011/12 to 2014/15
- Appendix F - Calculation of the Council Tax requirement
- Appendix G - The Council's 5 year Capital Programme (Appendix G);
 - Appendix Gi Approved capital programme
 - Appendix Gii(A) Funding of current capital programme (2011/12)
 - Appendix Gii(B) Funding of the 2012/13 capital programme
 - Appendix Giii(A) Proposed list of prioritised and/or fully funded bids
 - Appendix Giii(B) Proposed bids – all other bids

Medium Term Financial Strategy 2011/12 – 2014/15

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	4 Year Total £'000
BUDGET INCREASES					
Corporate obligations/implications of economic climate:	2,652	2,650	1,630	2,000	8,932
Financial implications of member approved decisions:	3,128	2,650	-	-	5,778
Financial implications of Future Investment:	95	1,750	1,750	1,750	5,345
Investment required to ensure budget is robust:	6,551	5,850	5,450	3,800	21,651
Total Additional Costs (A)	12,426	12,900	8,830	7,550	41,706
CHANGES IN INCOME AND FUNDING					
Reduction in Grant Funding (FG, SG & ABG)	(21,667)	(7,778)	(6,685)	(8,000)	-44,130
New grants	2,787	378	500	500	4,165
Reduction in Collection Fund deficit	690	-	-	-	690
Council Tax & Collection fund	2,426	1,315	-	-	3,741
Total Change in Income (B)	(15,764)	(6,085)	(6,185)	(7,500)	-35,534
Budget Gap (A less B)	28,190	18,985	15,015	15,050	77,240
SAVINGS:					
Departmental Savings (C)	25,190	15,046	5,724	739	46,699
Corporate Savings and Efficiency (D)	3,000	4,000	5,000	-	12,000
Total Savings (C Plus D)	28,190	19,046	10,724	739	58,699
Budget Gap including savings	0	(61)	4,291	14,311	18,541

Analysis of 2012/13 Directorate Budgets, compared to 2010/11 and 2011/12

Appendix B

DIRECTORATE	2010/11 OUTTURN £'000	2011/12 ORIGINAL BUDGET £'000	2011/12 REVISED BUDGET £'000	2012/13 BASE BUDGET £'000
Adults & Community Services	69,951	64,789	64,880	62,745
Children's Services	61,913	65,144	65,562	68,293
Housing and Environment Services	28,203	25,338	20,625	21,253
Finance & Resources	10,227	15,433	22,273	20,753
Chief Executive's Directorate	1,185	0	(90)	0
Central Finance	0	1,257	(1,152)	(8,523)
Contingency	0	0	0	3,938
Levies & Precepts	7,935	11,420	11,290	8,920
Dedicated Schools Grant	(12,124)	0	(7)	0
TOTAL	167,290	183,381	183,381	177,379

2012/13 Details of directorate gross and net budgets, including recharges

Appendix C

DIRECTORATE	GROSS BUDGET £'000	SUPPORT COSTS £'000	RECHARGES INCOME £'000	INCOME £'000	NET BUDGET £'000
Adults & Community Services	71,063	9,695	(2,045)	(15,968)	62,745
Children's Services	75,253	10,487	(2,050)	(15,397)	68,293
Housing and Environment Services	43,380	11,820	(12,288)	(21,659)	21,253
Finance & Resources	224,233	14,415	(51,231)	(166,663)	20,753
Central Finance	(7,056)	0	(308)	(1,158)	(8,523)
Chief Executive's Directorate	525	127	(652)	0	0
Contingency	3,938	0	0	0	3,938
Levies & Precepts	8,920	0	0	0	8,920
Dedicated Schools Grant	216,766	688	(2,815)	(214,638)	0
TOTAL	637,022	47,232	(71,389)	(435,483)	177,379

NOTES:
 Departmental Budgets are Subject to Change
 DSG Budget figures are to be confirmed

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ASSEMBLY, 22 FEBRUARY 2012

STATUTORY BUDGET DETERMINATIONS

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

1. That it be noted that at its meeting on 14 December 2011 the Council calculated the Council Tax Base 2012/2013 for the whole Council area as 53,086.9 [Item T in the formula in Section 31B (3) of the Local Government Finance Act 1992, as amended ("the Act")]
2. That the following amounts be now calculated by the Council for the year 2012/2013 in accordance with Sections 31 to 36 of the Act:-

(a)	£612,865,000	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£558,907,630	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£53,957,370	being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year (i.e. Item R in the formula in Section 31A(4) of the Act).
(d)	£1,016.40	being the amount at 2(c) above (i.e. "Item R"), divided by Item T (shown at 1 above), calculated by the Council, in accordance with Section 31B(1) of the Act as the basic amount of its Council Tax for the year. Refer below for further detail

Valuation Bands:

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

being the amounts given by multiplying the amount at 2(c) 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 2012/2013 the Greater London Authority has stated 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
£204.48	£238.56	£272.64	£306.72	£374.88	£443.04	£511.20	£613.44

4. That, having calculated the aggregate in each case of the amounts at 2(f) 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 2012/2013 for each of the categories of dwellings shown below:-

Valuation Bands

A	B	C	D	E	F	G	H
£882.08	£1,029.09	£1,176.11	£1,323.12	£1,617.15	£1,911.17	£2,205.20	£2,646.24

Medium Term Financial Strategy 2011/12 – 2014/15

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	4 Year Total £'000
BUDGET INCREASES					
Corporate obligations/implications of economic climate:	2,652	2,650	5,945	3,000	14,247
Financial implications of member approved decisions:	3,128	2,650	-	-	5,778
Financial implications of Future Investment:	95	1,750	1,750	1,750	5,345
Investment required to ensure budget is robust:	6,551	6,060	5,450	3,800	21,861
Total Additional Costs (A)	12,426	13,110	13,145	8,550	47,231
CHANGES IN INCOME AND FUNDING					
Reduction in Grant Funding (FG, SG & ABG)	(21,667)	(7,706)	(6,685)	(8,000)	-44,058
New grants	2,787	378	500	500	4,165
Reduction in Collection Fund deficit	690	(170)	-	-	520
Council Tax & Collection fund	2,426	1,684	-	-	4,110
Total Change in Income (B)	(15,764)	(5,814)	(6,185)	(7,500)	-35,263
Budget Gap (A less B)	28,190	18,924	19,330	16,050	82,494
SAVINGS:					
Departmental Savings (C)	25,190	14,967	5,950	739	46,846
Corporate Savings and Efficiency (D)	3,000	4,000	5,000	-	12,000
Total Savings (C Plus D)	28,190	18,967	10,950	739	58,846
Budget Gap including savings	0	(43)	8,380	15,311	23,648

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Approved Capital Programme 2011/12 to 2015/16

Appendix Gi

ADULT & COMMUNITY SERVICES	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	TOTAL £'000
Contingency	17.5	85.0				102.5
Barking Park Restoration & Improvement	4,046.9	650.8				4,697.7
Becontree Heath Leisure Centre	5,119.6	252.0				5,371.6
Maysbrook Park Athletics Arena	1,650.0	365.3				2,015.3
Fews Lodge Extra Care Scheme	84.0	500.0				584.0
Abbey Leisure Centre	250.0	2,272.0	5,939.0	4,350.0	170.0	12,981.0
Other approved schemes	1,986.2					1,986.2
TOTAL ADULT & COMMUNITY SERVICES	13,154.2	4,125.1	5,939.0	4,350.0	170.0	27,738.3
CHILDREN'S SERVICES						
Thames View Infants - London TG Agreement	507.2	59.1				566.3
Manor Longbridge (Former UEL Site)	10,134.7	250.1				10,384.8
Basic Needs Projects (formerly Additional School Places)2011/12	1,534.9	120.0				1,654.9
Sydney Russell - Schools For The Future	12,077.9	10,406.3				22,484.2
Advanced Skills Centre	8,843.5	3,482.0	22.6			12,348.1
Other approved schemes	44,097.9	1,895.0				45,992.9
TOTAL CHILDREN'S SERVICES	77,196.1	16,212.5	22.6			93,431.2

Approved Capital Programme 2011/12 to 2015/16

Appendix Gi

HOUSING AND ENVIRONMENT	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	TOTAL £'000
Private Sector Households	1,117.8	643.0				1,760.8
Street Light Replacing		1,000.0				1,000.0
Staff Costs 12/14		38.5	38.5			77.0
HRA	47,465.5					47,465.5
Other approved schemes	4,202.7	99.4				4,302.1
TOTAL HOUSING AND ENVIRONMENT	52,786.0	1,780.9	38.5			54,605.4
FINANCE & RESOURCES						
Corporate Accommodation Strategy		1,559.10				1,559.1
London Road/North Street Site Acquisitions	1,002.70	549.9				1,552.6
Implement Corporate Accommodation Strategy	1,607.10	835				2,442.1
LEGI Business Centres	4,852.00					4,852.0
Borough wide Estate Renewal - Resources/Master planning (all)	170	1,059.30				1,229.3
Borough wide Estate Renewal - Demolition (all)	100	85				185.0
Borough wide Estate Renewal - Decants and Leaseholder Buyback	4,766.40	14,483.10				19,249.5
New Market Square (Barking)	136.3					136.3
Other approved schemes	8,127.60	3,379.1				11,506.7
TOTAL FINANCE & RESOURCES	20,762.10	21,950.50				42,712.60
TOTAL APPROVED SCHEMES ALL DIRECTORATES	163,898.4	44,069.0	6,000.1	4,350.0	170.0	218,487.5

	Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
ADULT & COMMUNITY SERVICES COMMUNITY SERVICES, HERITAGE & LIBRARIES						
Ripple Hall (St Georges/Vol Group Relocation)	375.3					375.3
Valence Site Redevelopment	434.6	164.6				270.0
Eastbury House	18.0					18.0
Fews Lodge Extra Care Scheme	84.0	84.0				
LEISURE & OLYMPICS						
Contingency	17.5					17.5
Staff Costs	43.0					43.0
Barking Park Restoration & Improvement	4046.9	1611.9				2435.1
Abbey Sports Centre (Wet Side Changing Areas)	8.8	8.8				
Becontree Heath Leisure Centre	5119.6					5119.6
Goresbrook Leisure Centre - Olympic Training Venue	47.0	39.0				8.0
Maysbrook Park Improvements (Phase 1)	1004.5	1001.5		3.0		
Maysbrook Park Athletics Arena	1650.0	1650.0				
Abbey Leisure Centre	250.0					250.0
Barking Park Light Railway & Rowing Boat Equipment	55.0					55.0
TOTAL ADULT & COMMUNITY SERVICES	13,154.2	4,559.8		3.0		8,591.5

CHILDREN'S SERVICES		Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
PRIMARY SCHOOLS							
Eastbury		577.7	577.7				
Cambell Infant & Juniors		237.5			237.5		
George Carey CE Primary School (formerly Barking Riverside Primary)		8362.3	5109.9		3252.4		
Roding Primary School - Cannington Road Annex		323.2	323.2				
Beam Primary Expansion		404.3	404.3				
St Joseph's Primary - expansion		1967.3	1967.3				
St Peter's Primary - expansion		106.5	106.5				
Thames View Infants - London TG Agreement		507.2	507.2				
Cambell Junior - Expansion & Refurb.		166.8	166.8				
Thames View Juniors - Expansion & Refurb.		2075.2	2075.2				
Manor Longbridge (Former UEL Site)		10134.7	6584.9		3549.9		
Westbury - New Primary School		2573.8	2573.8				
St Georges - New Primary School		3140.4	3140.4				
OTHER SCHEMES							
Renewal School Kitchens 2009/10		32.3					32.3
SMF - School Modernisation Fund		3275.1	3275.1				
Youth Access Card		284.7	284.7				
Extended Schools Phase 4		0.4	0.4				
School's Kitchen Extension/Refurbishment 10/11		534.5	534.5				
Cross-Government Co-Location Fund		44.0	44.0				

CHILDREN'S SERVICES OTHER SCHEMES CONTINUED	Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF	
					Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
Basic Needs Projects (formerly Additional School Places)2011/12	1534.9	1534.9				
Schools Legionella Works	168.5	80.0				88.5
Schools L8 Water Quality Remedial Works 2010/11	142.5					142.5
Schools Re-boiler & Re-pipe Fund	329.0					329.0
Schools Asbestos Management & Removals 2010-11	8.4					8.4
William Bellamy Children's Centre	3.5					3.5
Becontree Children's Centre						
John Perry Children's	9.6					9.6
Furze Children's Centre						
Alibon Children's Centre	18.0	18.0				
Gascoigne Community Centre	-0.2					-0.2
Youth Bus	-10.6	-10.6				
Gascoigne Primary	-0.2					-0.2
512a Heathway (phase 2)- Conversion to a Family Resource with additional teaching apace	196.9	196.9				
Devolved Capital Formula	2671.4	2671.4				
Sydney Russell - Schools For The Future	12077.9	12077.9				
Robert Clack Expansion	3058	3058				

CHILDREN'S SERVICES OTHER SCHEMES CONTINUED	Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF	
					Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
Provision of New School Places (Basic Needs)	10550	10550				
Provision of New School Places (Basic Needs) Contingency	796.9	796.9				
Monteagle Primary (Quadrangle Infill)	300	300				
Eastbury Primary (Expansion)	300	300				
Gascoigne Primary (Expansion)	50	50				
Parsloes Primary (Expansion)	300	300				
Godwin Primary (Expansion)	300	300				
William Bellamy Infants/Juniors (Expansion)	300	300				
Dagenham Village Rectory Road Library (Expansion)	200	200				
Southwood Primary (Expansion)	300	300				
Advanced Skills Centre	8843.5	3369.1				5474.4
TOTAL CHILDREN'S SERVICES	77,195.9	64,068.4	0.0	7,039.8	0.0	6,087.8

HOUSING & ENVIRONMENT	Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF	
					Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
HRA						
Millard Terrace	35.0		35.0			
Lifts replacement	1020.0		1020.0			
SAMS formerly remote concierge	64.8		64.8			
DH works Framework contracts	626.0		626.0			
Major maintenance renewals	1000.0		984.4			15.6
Heating works (Thaxted, Maxey & Humphries Houses)	283.5		283.5			
Planning and Contingencies	800.0		800.0			
CHP Programme	63.3		63.3			
Electrical Switchgear Project	743.9		743.9			
Extensions and Deconve	19.6		19.6			
Communal Lighting and Electrical Switchgear	1050.0		1050.0			
External Enveloping Work	372.6		372.6			
Sheltered Alarms Upgrade	37.8		37.8			
Colne & Mersea Blocks	5509.4	1800.0	0.0			3709.4
Capitalised Improvement Works	224.0		224.0			
Estate Improvement Project	800.0		800.0			
Oldmead & Bartlett Remedial Works	100.0		100.0			
Door Entry Project 11/12	630.0		630.0			
External Enveloping & Fire proofing project	1200.0		1200.0			
Defective Overflow Works	45.0		45.0			
Central Heating Installation	1850.0		1850.0			
Kitchen & Bathroom Replacement Project	2075.0		1376.8			698.2
High Rise Surveys	550.0		550.0			

HOUSING & ENVIRONMENT HRA CONTINUED	Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF	
					Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
Capitalised Improvement works (Estates)	500.0		500.0			
Estate Improvements	350.0		350.0			
Adaptations - Housing	200.0		200.0			
King William St Qtr	428.6	257.1				171.4
Council Housing & Thames	11987.9	7399.1				4588.8
Council Housing - New Builds	596.3	357.8				238.5
New Council Housing Phase 3	3801.0	1328.3				2472.7
Disabled Adaptations (HRA)	501.9					501.9
Central Heating Installation Phase 2	2000.0					2000.0
Kitchen, Bathroom, Central Heating and Rewire	5500.0					5500.0
Electrical Rewiring	1500.0					1500.0
Voids	1000.0					1000.0
NON-HRA HOUSING						
Private Sector Households	1117.8	670.7				447.1
Private Sector Households (105)	687.1	44.1				643.0
Housing Modernisation Programme	56.6					56.6
ENVIRONMENT & ENFORCEMENT						
Highways Maintenance(TFL)						
Land Quality Inspection Programme	130.3	50.3				80.0
Street Light Replacing	1215.8					1215.8
Flats recycling banks scheme	306.8	276.2				30.6
Principal Road Resurfacing	340.8	340.8				
Road Safety Improvement Schemes (TFL)	96.0	96.0				
SNAPS	173.6					173.6

HOUSING & ENVIRONMENT ENVIRONMENT & ENFORCEMENT CONTINUED	Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF	
					Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
Parking Software Replacement	-0.3					-0.3
Becontree Neighbourhood Improvements	63.5	63.5				
Environmental Improvements and Enhancements	353.0					353.0
Environmental Improvements - On Street Waste Receptacles	190.0					190.0
Christmas Lighting	45.0					45.0
Pondfield Park	59.6	37.6		8.6		13.4
Green Flag & Small Scale Works	0.2					0.2
Abbey Green Park Development	35.8			35.8		
Valence Park Improvements	43.4					43.4
Maysbrook Watercourse & Park Study	0.0					
BTC Public Art Project	11.5				11.5	
Barking Park Artwork	84.0				84.0	
Play Builder	10.0				10.0	
Parking Strategy Imp	300.0					300.0
TOTAL HOUSING & ENVIRONMENT	52,786.1	12,721.5	13,926.7	149.9	698.2	25,289.7

FINANCE & RESOURCES ASSET STRATEGY	Budget £'000	Grants & Contributions		Section 106 £'000	HRA & GRF Revenue Cont Leaseholder	
		£'000	MRA £'000		Reserve £'000	Borrowing £'000
L8 Surveys and Risk Assessment Updates						
L8 Control of Legionella Remedial Works	276.9					276.9
Asbestos (Public Buildings)	81.0					81.0
Automatic Meter Reading Equipment	11.3					11.3
Backlog Capital Improvements	213.7					213.7
CMRP DDA for Buildings	27.4					27.4
Implement Corporate Accommodation Strategy	1607.1					1607.1
New Dagenham Library & One Stop Shop	60.0					60.0
Energy Efficiency Programme	187.0	187.0				
ICT						
Microsoft Enterprise Agreement	126.3					126.3
Modernisation & Improvement Capital Fund	1494.1					1494.1
IT for Members	0.1					0.1
REGENERATION						
LEGI Business Centres	4852.0	4852.0				
Industrial Area Improvement	79.0		10.0			69.0
Barking Town Square (Phase 2)	536.2	536.2				
Retail Premise Improvement Grant	153.2					153.2
Barking Town Centre - Low Carbon Emission (TFL & GLA)	132.8	132.8				
BTC Public Realm – T'sq & Abbey	72.8	38.8	34.0			
Area Based Schemes (Shopping Parades)	183.1					183.1

FINANCE & RESOURCES REGENERATION CONTINUED		Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
Robin Hood Shopping Parade Enhancement (TFL & S106)		324.0	159.0		45.0		120.0
East End Thames View Demolition		53.8			53.8		
Axe Street Housing		27.7			27.7		
Demolition of Kingsbridge Site		6.9			6.9		
Rainham Road Corridor (TFL)		96.0	47.5				48.5
Green Lane Corridor (TFL)		119.5	75.8				43.6
London Road/North Street Site Acquisitions		1002.7					1002.7
Borough-wide Estate Renewal - Gascoigne Decants		392.7					392.7
Borough-wide Estate Renewal - Leys Decants		225.2					225.2
Borough-wide Estate Renewal - Goresbrook Village Decants		762.3					762.3
Borough-wide Est Renewal - Leaseholders Buybacks (all)		4766.4					4766.4
Borough-wide Est Renewal - Resources/Master-planning (all)		170.0					170.0
Borough-wide Est Renewal - Demolition (all)		100.0					100.0
Barking Station Forecourt - Phase 2 Implementation (TFL & S106)		1028.0	480.0		548.0		
Maysbrook Park Access Improvements (TFL)		365.8	365.8				
Cycling on Greenways and Local Cycle Links (TFL)		144.0	144.0				

	Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
FINANCE & RESOURCES REGENERATION CONTINUED						
Station Access Improvements (TFL)	48.0	48.0				
Merry Fiddlers Junction Improvements (TFL)	144	144				
Minor Works - Various Locations - Local Transport Fund (TFL)	67.2	67.2				
Future Scheme Development - various locations - Local Transport Fund - (TFL)	28.8	28.8				
Car Club Expansion (TFL)	14.4	14.4				
Biking Borough Initiative (TFL)	122.9	122.9				
Improvements to the rear of The Mall, Dagenham Heathway	223.0			83.0		140.0
New Market Square (Barking)	136.3	50.0		86.3		
Dagenham Job Shop	11.4	11.4				
Demolition Westbury Pub	45.0	45.0				
Resurface Sky Ride Event	242.0			242.0		
TOTAL FINANCE & RESOURCES	20,762.1	7,703.7	0.0	1,136.7	0.0	11,921.5
TOTAL FOR ALL DIRECTORATES	163,898.4	89,053.5	13,926.6	8,329.5	698.2	51,890.6

ADULT & COMMUNITY SERVICES COMMUNITY SERVICES, HERITAGE & LIBRARIES	Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF	
					Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
LEISURE & OLYMPICS						
Contingency	85.0					85.0
Barking Park Restoration & Improvement	650.8	325.4				325.4
Becontree Heath Leisure Centre	252.0					252.0
		349.7				
Maysbrook Park Athletics Arena	365.3					15.6
Fews Lodge Extra Care Scheme	500.0	500.0				
80 Gascoigne Road	348.0	348.0				
Axe Street Leisure Centre	1,937.2					1,937.2
TOTAL ADULT & COMMUNITY SERVICES	4,138.3	1,523.1				2,615.2

CHILDREN'S SERVICES	Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF	
					Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
SCHOOLS						
Thames View Infants - London TG Agreement	59.1	59.1				
Thames View Juniors - Expansion & Refurb	35.0	35.0				
Westbury - New Primary School	50.0	50.0				
Manor Longbridge (Former UEL Site)	250.1			250.1		
Cambell Infant & Juniors	30.0			30.0		
George Carey CE Primary School (formerly Barking Riverside Primary)	220.0			220.0		
St Joseph's Primary - expansion	45.0	45.0				
St Georges - New Primary School	65.0	65.0				
School's Kitchen Extension/Refurbishment 10/11	20.0	20.0				
St Peter's Primary - expansion	30.0	30.0				
New School Places Primary	17,000	17,000				
New School Places Secondary - Various Schools/ New Schools	14,000.0	14,000.0				
Basic Needs Projects	120.0	120.0				
Sydney Russell - Schools For The Future	10,406.3	10,406.3				
School Modernisation - externally funded	1,400.0	1,400.0				
OTHER SCHEMES						
Advanced Skills Centre	3,482.0					3,482.0
TOTAL CHILDREN'S SERVICES	47,212.5	43,230.4		500.1		3,482.0

Funding of current programme, prioritised and funded bids 2012/13

Appendix Gii(B)

HOUSING & ENVIRONMENT	Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF	
					Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
HRA						
Capital Works	50,800.0					
New Build	3,500.0					
Estate Renewal	6,400.0					
Funding of above works		9,500.0			36,700.0	14,500.0
NON-HRA HOUSING						
Private Sector Households	643.0	386.0				257.0
ENVIRONMENT & ENFORCEMENT						
Street Light Replacing	1,000.0					1,000.0
Staff Costs 12/14	38.5					38.5
Environmental Improvements and Enhancements	87.0					87.0
Abbey Green Park Development	12.4			12.4		
TfL Principal Road Resurfacing	450.0	450.0				
Highways - non-TfL	2,000.0					2,000.0
TOTAL HOUSING & ENVIRONMENT	64,930.9	10,336.0		12.4	36,700.0	17,882.5

FINANCE & RESOURCES ASSET STRATEGY	Budget £'000	Grants & Contributions £'000	MRA £'000	Section 106 £'000	HRA & GRF	
					Revenue Cont Leaseholder Reserve £'000	Borrowing £'000
Corporate Accommodation Strategy	1,559.1					1,559.1
Implement Corporate Accommodation Strategy	835.0					835.0
London Road/North Street Site Acquisitions	549.9					549.9
Asbestos (Public Buildings)	31.5					31.5
Automatic Meter Reading Equipment	99.6					99.6
Backlog Capital Improvements	348.0					348.0
Modernisation & Improvement Capital Fund	2,900.0					2,900.0
Local Implementation Plan (LIP2)	2,273.0	2,273.0				
REGENERATION						
Borough wide Est Renewal - Resources/Masterplanning (all)	1,059.3					1,059.3
Borough wide Est Renewal - Demolition (all)	85.0					85.0
Borough wide Estate Renewal - Decants and Leaseholder Buyback	14,483.0					14,483.0
TOTAL FINANCE & RESOURCES	24,223.4	2,273.0				21,950.4
Asset Management Plan Works (All Directorates)	1,000.0					1,000.0
Capitalisation of Redundancies (All Directorates)	3,000.0					3,000.0
TOTAL FOR ALL DIRECTORATES	144,839.9	57,362.5		512.5		36,700.0
* Borrowing requirement of £50,264.9m planned to be reduced to £47,264.9m by using £3m generated capital receipts						

Proposed list of prioritised bids and funded bids

Appendix Giii(A)

Schemes already approved & fully funded bids and Highways & Assets Management	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total Exp £'000	Total Ext Funding £'000	Net Exp £'000
SCHOOLS external funding to be sought to meet funding gap							
New School Places Primary	-	17,000	7,395	-	24,395	(24,395)	-
New School Places Secondary - Various Schools/ New Schools	-	14,000	7,395	-	21,395	(21,395)	-
	-	31,000	14,790	-	45,790	(45,790)	-
ADULT & COMMUNITY SERVICES							
80 Gascoigne Road	-	348	-	-	348	(348)	-
TOTAL ADULT & COMMUNITY SERVICES	-	348	-	-	348	(348)	-
CHILDREN'S SERVICES							
HOUSING & ENVIRONMENT							
TFL Principal Road Resurfacing	-	450	450	-	900	(900)	-
Highways - non-TFL	-	2,000	2,000	2,000	6,000	-	6,000
TOTAL HOUSING & ENVIRONMENT	-	2,450	2,450	2,000	6,900	(900)	6,000
HRA Schemes funded as per HRA Business Plan	-	60,700	52,400	53,800	166,900	(166,900)	-
FINANCE & RESOURCES							
Local Implementation Plan (LIP2)	-	2,273	2,130	1,892	6,295	(6,295)	-
TOTAL FINANCE & RESOURCES	-	2,273	2,130	1,892	6,295	(6,295)	-
Capitalisation of redundancy directive	3,000	3,000	3,000	3,000	12,000	0	12,000
ASSET MANAGEMENT PLANS (All Directorates)							
TOTAL ALL DIRECTORATES EXCLUDING SCHOOLS	3,000	69,771	60,980	61,692	195,443	(174,443)	21,000
TOTAL CAPITAL REQUIREMENT INCLUDING SCHOOLS	3,000	100,771	75,770	61,692	241,233	(220,233)	21,000

Proposed Capital Bids 2011/12 to 2015/16 - All other bids

Appendix Giii(B)

All other bids put forward	2011/12	2012/13	2013/14	2014/15	Total	Net
	£'000	£'000	£'000	£'000	Exp £'000	Exp £'000
ADULT & COMMUNITY SERVICES						
Maintaining Leisure Centres - Goresbrook Leisure Centre	-	1,292	88	104	1,484	1,484
Millennium Centre	-	170	210	-	380	380
Parks Pavilions	-	672	220	1,892	2,784	2,784
Disabled Housing Adaptations (Council Tenancies) (HRA)	-	520	540	560	1,620	1,620
Abbey Sports Centre - essential M & E and structural survey works. Do nothing option - no betterment	-	400	1,464	-	1,864	1,864
Adult Care Services - AMP	-	300	-	-	300	300
Libraries - AMP	-	520	165	190	875	875
Maintaining Leisure Centres - Becontree heath Leisure Centre	-	98	98	98	294	294
Conservation of Barking Abbey Scheduled Ancient Monument	-	50	50	-	100	100
Eastbury Manor House completion of fabric renewal	-	-	96	96	192	192
Eastbury Manor House walled garden wall fabric repairs	-	25	44	44	113	113
Security and safety improvements - Parsloes Park	-	750	-	-	750	750
Parks signage	-	80	-	-	80	80
Creation of new green spaces (parks/community food growing spaces/allotments)	-	50	-	-	50	50
TOTAL ADULT & COMMUNITY SERVICES	-	4,927	2,975	2,984	10,886	10,886

Proposed Capital Bids 2011/12 to 2015/16 - All other bids

Appendix Giii(B)

All other bids put forward	2011/12	2012/13	2013/14	2014/15	Total	Total Ext	Net
	£'000	£'000	£'000	£'000	Exp £'000	Funding £'000	Exp £'000
CHILDREN'S SERVICES							
New School Places Primary	-	-	17,605	20,000	37,605	-	37,605
New School Places Secondary - Various Schools/ New Schools	-	-	46,238	28,722	74,960	-	74,960
School Modernisation	-	5,000	7,000	7,000	19,000	-	19,000
Boilers	-	500	500	500	1,500	-	1,500
Children's Services - Property Portfolio	-	400	100	250	750	-	750
Small Schemes	-	50	50	50	150	-	150
Solar Panels - Schools	-	500	500	-	1,000	-	1,000
Redevelopment of Upney Lane Walk-In Centre	-	1,765	750	235	2,750	-	2,750
Conversion of Wood Lane Sports Centre	-	1,400	-	-	1,400	-	1,400
TOTAL CHILDREN'S SERVICES	-	9,615	72,743	56,757	139,115	-	139,115
HOUSING & ENVIRONMENT							
DFG housing adaptations (privately owned)	-	950	950	950	2,850	(1,710)	1,140
Highways - non-TFL	-	1,500	1,530	400	3,430	-	3,430
Street Lighting	-	-	1,000	1,000	2,000	-	2,000
Ward Environmental Improvements & Cyclical Replacement of E&E Machinery	-	700	600	600	1,900	-	1,900
Wheeled bins for mixed dry recycling collection	-	1,406	-	-	1,406	-	1,406
Cemeteries and Chapels - AMP	-	100	-	-	100	-	100
Depots and other works buildings	-	50	50	50	150	-	150
Car Parks - AMP	-	150	-	80	230	-	230
Private Sector Households	-	500	500	500	1,500	-	1,500
Microsoft Enterprise Licences	-	600	600	600	1,800	-	1,800
ICT Development	500	3,508	4,240	3,710	11,958	-	11,958
TOTAL HOUSING & ENVIRONMENT	500	9,464	9,470	7,890	27,324	(1,710)	25,614

Proposed Capital Bids 2011/12 to 2015/16 - All other bids

Appendix Giii(B)

All other bids put forward	2011/12	2012/13	2013/14	2014/15	Total	Total Ext	Net
	£'000	£'000	£'000	£'000	Exp £'000	Funding £'000	Exp £'000
FINANCE & RESOURCES							
Building Related Compliance - L8 & Asbestos	200	200	200	200	800	-	800
Barking Enterprise Centre Phase 2	-	220	2,800	-	3,020	-	3,020
Barking Station Interchange	-	400	-	-	400	-	400
Administrative Offices - Asset Management Plan related backlog maintenance	-	1,250	400	500	2,150	-	2,150
Commercial Properties - Non-HRA	-	200	200	200	600	-	600
Strategic Acquisitions/Smaller Regeneration Schemes	-	-	350	3,850	4,200	-	4,200
Barking Riverside Strategic Links	-	100	500	500	1,100	-	1,100
Industrial Area Improvements	-	20	800	800	1,620	-	1,620
Carbon Reduction Schemes (Housing)	400	500	500	500	1,900	-	1,900
RE:FIT	1,000	1,000	1,000	-	3,000	-	3,000
TOTAL FINANCE & RESOURCES	1,600	3,890	6,750	6,550	18,790	-	18,790
Asset Management Plans bids requirement reduced by £1m per annum funding provided		(1,000)	(1,000)	(1,000)	(3,000)	-	(3,000)
TOTAL ALL DIRECTORATES	2,100	25,478	90,938	73,181	193,115	(1,710)	191,405

ASSEMBLY

22 FEBRUARY 2012

Title: Treasury Management Strategy Statement 2012/13	
Report of the Cabinet Member for Finance and Education	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Jonathan Bunt, Divisional Director of Finance	Contact Details: Tel: 020 724 8427 E-mail: jonathan.bunt@lbbd.gov.uk
Accountable Divisional Director: Jonathan Bunt, Divisional Director of Finance	
Accountable Director: Tracie Evans, Corporate Director – Finance and Resources	
<p>Summary:</p> <p>This report deals with the Treasury Management Annual Investment Strategy Statement, Treasury and Prudential Indicators, Annual Investment Strategy and borrowing limits, in compliance under section 15 (1) (a) of the Local Government Act 2003.</p> <p>The production and approval of a Treasury Management Annual Strategy Statement and Annual Investment Strategy are requirements of the Council under Section 15(1) of the Local Government Act 2003. It is also a requirement of the Act to set an authorised borrowing limit for the forthcoming financial year.</p> <p>The Local Government Act 2003 also requires the Council to have regard to the Prudential Code, and to set prudential indicators which take into account the Council's capital investment plans for the next 3 years.</p> <p>The Cabinet considered this report at its meeting on 14 February 2012 and endorsed the recommendations below.</p>	
<p>Recommendation(s)</p> <p>Assembly is recommended to approve the Treasury Management Strategy Statement for 2012/13 as attached at Appendix 1 and, in doing so, agree the following:</p> <ol style="list-style-type: none"> a. The current treasury position for 2011/12 and prospects for interest rates (Appendix 1 section 3 and 4); b. The revised Authorised borrowing limit (General Fund and HRA) of £465m for 2011/12, which includes £265m for the HRA self-financing debt settlement and £55m estimated borrowing to finance the 2011/12 capital programme; c. The Borrowing Strategy, Debt Rescheduling Strategy and Policy on borrowing in advance of need for 2012/13 (Appendix 1 section 6), including the Housing 	

Reform and effects on treasury management of Housing Revenue Account reform;

- d. The Minimum Revenue Policy Statement for 2012/13 which sets out the Council's policy on repayment of debt (Appendix 1 section 10);
- e. The Authorised borrowing limit (General Fund and HRA) of £528m for 2012/13, which will be the statutory limit determined by the Council, pursuant to section 3(1) of the Local Government Act 2003 (Appendix 1A);
- f. The Treasury Management Indicators and Prudential Indicators for 2012/13 (Appendix 1A); and
- g. The Annual Investment Strategy and creditworthiness policy for 2012/13 (Appendix 1B), which outlines the investments that the Council may use for the prudent management of its investment balances.

Reason(s)

It is necessary for the Assembly to approve this report due to the requirements of the Local Government Act 2003.

1. Introduction and Background

1.1 This report gives a brief explanation of the key elements of the Council's Treasury Management Strategy 2012/13, which is set out in detail in Appendix 1 to this report. The Council is statutorily required to approve the Strategy prior to the new financial year.

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

- Investment Strategy – relating to the management of the Council's cash balances.
- Borrowing Strategy – relating to the financing of the Council's capital programme.

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

2. Proposal and Issues

2.1 Investment Strategy

Cash Management

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

2.1.2 Cash balances are also affected by "working capital", which relates to amounts of outstanding payments to be made to suppliers (accounts payable) offset by amounts owed to the Council (accounts receivable). Cash balances are higher when the level of accounts payable is greater than accounts receivable, because

the Council has incurred net expenditure in accounting terms which has not been paid for in cash terms.

2.1.3 At the financial year end (31st March) the level of the Council's cash balances in recent years have been as follows:

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

2.1.4 These balances have been made up of the following sources of cash:

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

2.1.5 At the end of December 2011, the Council's cash balances totalled £91m and were invested as follows:

Bank / Counterparty	£m
Internally Managed:	
Lloyds TSB Group	14.9
Santander Group	10.5
Barclays	14.9
Nationwide Building Society	11.0
External Fund Managers:	
Investec Asset Management	28.7
Scottish Widows	11.5
Total	91.5

2.2 Changes to Investment Strategy

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

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

2.21 With the above principles in mind the following changes to investment strategy are recommended:

- The financial markets have been severely affected by the Eurozone crisis, with increasing credit risk for banks in the Eurozone area and risk of contagion. It is therefore proposed to limit investments to UK banks until there is a satisfactory resolution to the crisis.
- The reduced number of available counterparties for investing arising from the Eurozone crisis means that it is necessary to increase counterparty limits for UK banks, in order to give the Council more headroom for investing funds. It is recommended to increase the counterparty investment limit from £15m to £30m for Lloyds TSB and Royal Bank of Scotland for each counterparty, as these banks are government supported and therefore do not represent a significant credit risk. This will also give the Council more ability to increase yields when opportunities arise for deals at relatively attractive interest rates.
- It is proposed to invest in high credit quality corporate bonds for longer term investments, in order to increase yields whilst restricting exposure to highly rated institutions. In particular, AAA rated multilateral development banks such as European Investment Bank offer competitive rates. Bond purchases would be limited to £10m per counterparty to limit exposures and manage overall liquidity of Council's investments.
- It is also proposed not to use derivative financial products due to potential losses arising from instability in the financial markets at this time.

2.3 Borrowing Strategy

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

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

2.3.2 The Council's borrowing as at 31 March 2011 is made up of three elements:

- a) External loans from Public Works Loan Board and private banks - £70m
- b) PFI/finance lease liabilities - £36m
- c) "Internal" borrowing - £46m.

Internal Borrowing

2.3.3 Internal borrowing represents the use of surplus available cash balances to pay for capital spend, rather than undertaking new external loans. The Council will use

internal cash balances by reducing investments when deposit rates on investments are lower than interest rates on new loans. This is because the lost interest earnings on reduced cash balances are cheaper than increased interest payable on a new external loan. This in part explains why the Council's cash balances have reduced since 2008/09.

- 2.3.4 Capital expenditure for 2011/12 to be financed from borrowing is forecast to be approximately £55m and it is proposed that this is met from internal cash balances except £7.8m for the HRA to be financed from a PWLB loan. The impact of this is to further reduce investments which are forecast to be approximately £46m by end of the financial year.
- 2.3.5 This diminution in cash to finance capital expenditure means borrowing for financing the capital programme in future years may require undertaking new external loans to maintain liquidity. However whilst borrowing rates remain higher than deposit rates, the Council will seek to delay new loans as long as possible, whilst monitoring latest interest rate forecasts to ensure any new loans are undertaken before base rate rises. The borrowing forecast for 2012/13 capital expenditure is currently £47m. The impact of this on debt charges is, however, already built in to the Council's revenue budget.

Repayment of Borrowing

- 2.3.6 The Council's external borrowings are all loans where the principal is repaid at maturity. Loans due for repayment in forthcoming years can be refinanced with a new loan if the interest rate is affordable. Otherwise the principal repayment will require to be financed from revenue or generating capital receipts.
- 2.3.7 Internal borrowing can be also be reduced by generating capital receipts, which will replenish cash balances and in accounting terms be used for financing historic spend rather than for new capital projects.

HRA Self Financing

- 2.3.8 The changes to the HRA regime and the introduction of self financing has resulted in the Council requiring to undertake a £265m loan to pay the DCLG as part of the settlement. This loan will be from the PWLB where annual payments will be interest only and principal only to be repaid at maturity. The annual interest costs of £9.7m are factored into the HRA Business Plan.

Minimum Revenue Provision

- 2.3.9 In addition to interest payable costs, the Council is required to make a statutory accounting provision for the repayment of debt on its General Fund borrowings, called Minimum Revenue Provision (MRP). MRP is not a statutory requirement for HRA borrowings however. The Council's MRP policy is included in the Treasury Management Strategy.
- 2.3.10 MRP costs are rising as the Council's borrowing increases, however these costs are contained within the approved revenue budget.

3. Financial Implications

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

4. Legal Implications

- 4.1 Implications completed by: Doreen Reeves, Legal Group Manager
- 4.2 This report is in accordance with Section 15(1) of the Local Government Act 2003. It is a requirement of the Act to set an authorised borrowing limit for the forthcoming financial year.

5. Other Implications

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

Background Papers Used in the Preparation of the Report:

- Local Government Act 2003
- CIPFA – Revised Prudential Code for Capital Finance in Local Authorities
- CIPFA – Revised Treasury Management in the Public Services
- Budget Framework Report 2012/13
- HRA Business Plan v7 (16 Jan 2012)
- “Treasury Management Strategy Statement 2012/13” report and minute, Cabinet 14 February 2012

List of appendices:

- Appendix 1 – Treasury Management Strategy 2012/13
- Appendix 1A – Prudential and Treasury Indicators 2012/13 – 2014/15
- Appendix 1B – Investment Criteria
- Appendix 1C – Approved Countries list
- Appendix 1D – Sector’s interest rate forecast
- Appendix 1E – Sector’s economic view

TREASURY MANAGEMENT STRATEGY STATEMENT

2012/13 Treasury Management Strategy

1. Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity and security initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital programme. 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. On occasion, any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

“The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.1 Reporting requirements

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

Prudential and Treasury Indicators and Treasury Strategy (This report) - The first, and most important report covers:

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

A Mid Year Treasury Management Report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2. Treasury Management Strategy for 2012/13

- 2.1 The Local Government Act 2003 (the Act) and supporting regulations require the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 2.2 The Act therefore requires local authorities to set out their treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 2.3 The Department of Communities and Local Government (CLG) has issued revised investment guidance that came into effect from 1 April 2010, and the Council has adopted the recommendations of the guidance.

The strategy for 2012/13 covers the following areas:

- The current treasury position: Investments and existing borrowing;
- Macroeconomic outlook and prospects for interest rates;
- Prudential indicators;
- Capital expenditure plans and the Borrowing Strategy;
- the impact of reforms to the HRA system
- policy on borrowing in advance of need
- debt rescheduling
- Minimum Revenue Provision (MRP) policy
- Investment Strategy
- creditworthiness policy
- policy on use of external service providers.

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

3. Current Portfolio Position

3.1 Investments and borrowing balances

The table below shows the Council's current Rate of Return at 31 December 2011:

Borrowing	31 December 2011		Average rate of return/payment %
	£'000	£'000	
Fixed rate funding - PWLB	30,000		4.06%
Variable rate funding - Market Loan	20,000		3.98%
Market Loan	20,000		1.50%
	70,000	70,000	
Other long term liabilities		25,534	
Gross Debt		95,534	

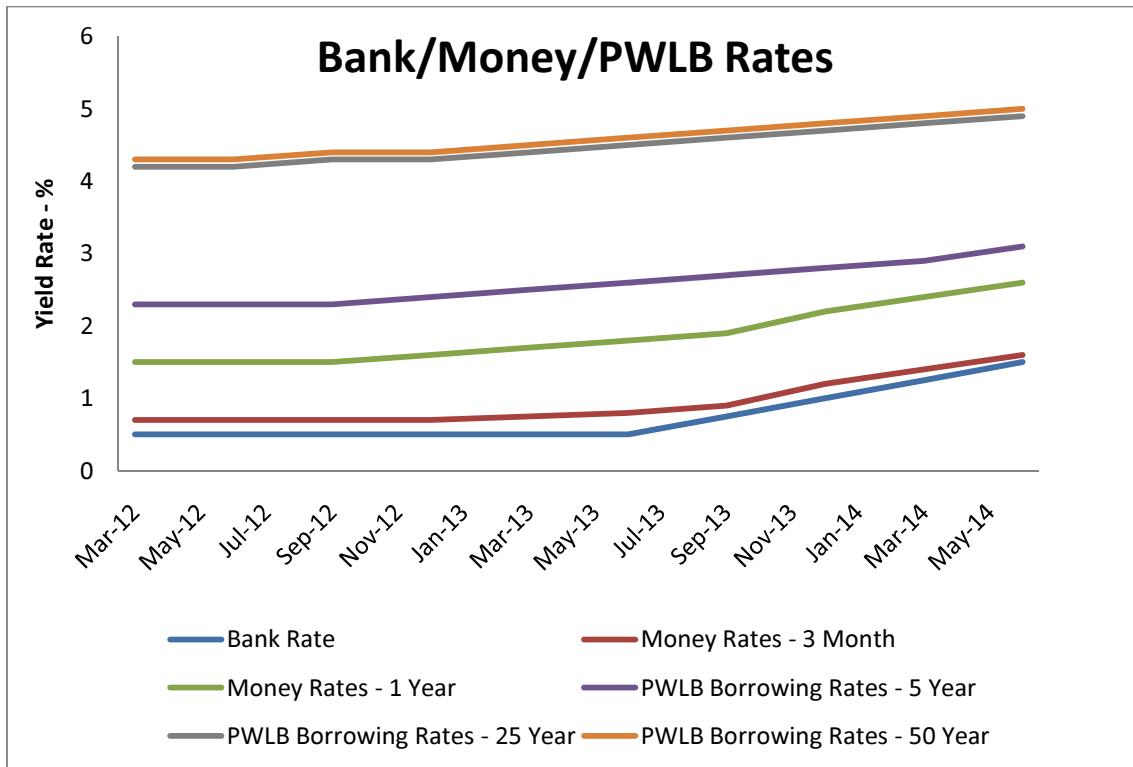
Investments	£'000	£'000	%
Council managed cash balances	51,322		1.14%
Scottish Widows	11,508		1.16%
Investec Asset Management	28,661		1.87%
Total Investments	91,491	91,491	
Net debt		4,043	

3.2 The sum invested broadly represents the reserves, provisions and balances that the Council holds together with the impact of any difference between the collection of income and expenditure (working capital). Included in the Council managed cash balances is £8m relating to the Pension fund.

4. Macroeconomic outlook and prospects for interest rates

4.1 The Council has appointed Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Appendix 1D draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. The following table gives the Sector central view.

Annual Average %	Bank Rate		Money Rates		PWLB Borrowing Rates	
		3 month	1 year	5 year	25 year	50 year
Mar 2012	0.50	0.70	1.50	2.30	4.20	4.30
June 2012	0.50	0.70	1.50	2.30	4.20	4.30
Sept 2012	0.50	0.70	1.50	2.30	4.30	4.40
Dec 2012	0.50	0.70	1.60	2.40	4.30	4.40
Mar 2013	0.50	0.75	1.70	2.50	4.40	4.50
June 2013	0.50	0.80	1.80	2.60	4.50	4.60
Sept 2013	0.75	0.90	1.90	2.70	4.60	4.70
Dec 2013	1.00	1.20	2.20	2.80	4.70	4.80
Mar 2014	1.25	1.40	2.40	2.90	4.80	4.90
June 2014	1.50	1.60	2.60	3.10	4.90	5.00



4.2 Growth in the UK economy is expected to be weak in the next two years and there is a risk of a technical recession (i.e. two quarters of negative growth). The Bank Rate, currently 0.5%, underpins investment returns and is not expected to start increasing until quarter 3 of 2013 despite inflation currently being well above the Monetary Policy Committee inflation target. Hopes for an export led recovery appear likely to be disappointed due to the Eurozone sovereign debt crisis depressing growth in the UK's biggest export market. The Comprehensive Spending Review, which seeks to reduce the UK's annual fiscal deficit, will also depress growth during the next few years.

Fixed interest borrowing rates are based on UK gilt yields. The outlook for borrowing rates is currently much more difficult to predict. The UK total national debt is forecast to continue rising until 2015/16; the consequent increase in gilt issuance is therefore expected to be reflected in an increase in gilt yields over this period. However, gilt yields are currently at historically low levels due to investor concerns over Eurozone sovereign debt and have been subject to exceptionally high levels of volatility as events in the Eurozone debt crisis have evolved.

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

- The Eurozone sovereign debt difficulties, most evident in Greece, provide a clear indication of much higher counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2012/13;
- Borrowing interest rates are currently attractive, but may remain low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of capital – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

For further information on the current economic climate, please refer to Appendix 1E.

5. Capital Expenditure Plans

5.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in Prudential Indicators, which are designed to assist members overview and confirm capital expenditure plans.

The table below summarises the Council's capital expenditure plans and how these plans are being financed by capital or revenue resources.

Capital Expenditure £'000	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
General Fund	82,547	116,432	44,068	6,001	4,350
HRA *	23,643	47,466	60,700	52,400	53,800
Approved Capital Prog		163,898	104,768	58,401	58,150
HRA settlement		265,000			
General Fund proposed bids		3,000	40,071	23,370	7,892
Total	106,190	431,898	144,839	81,771	66,042
Financed by:					
Capital receipts	227	0	3,000	2,700	2,000
Capital grants and Cont.	51,608	97,382	57,875	32,370	17,392
Capital reserves	10,854	13,927			
HRA resources	7,333	698	36,700	37,400	38,300
Net financing need for the year	36,168	319,891	47,264	9,301	8,350
Current planned borrowing		316,890	44,264	6,001	4,350
Funding Gap		3,001	3,000	3,300	4,000

5.2 The estimated financing need for the year in the above table represents a shortfall of resources resulting in a requirement to borrow. This underlying need to borrow is known as the Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

- 5.3 Sufficient headroom has been provided within the Authorised Limit on external borrowing to ensure that any major capital investment projects where financing has yet to be finalised, are not restricted by this statutory limit. This limit covers any short term borrowing for cash flow purposes as well as long term borrowing for capital projects, finance leases, PFI initiatives as well as any unforeseen incidences where expected capital receipts are not forthcoming due to unexpected economic factors.

This above table includes £265m borrowing in 2011/12 to finance the HRA reform (see 6.3 below).

Full details of the Council's Prudential Indicators have been included in Appendix 1A to this document. The Council adopted the revised 2009 CIPFA Prudential Code of Practice in February 2010.

6. Borrowing Strategy and Borrowing Requirement

- 6.1 The decision to borrow is a treasury management decision and is taken by the Corporate Director of Finance & Resources under delegated powers of the Council's constitution. The key objective of the Council's borrowing strategy is to secure long term funding for capital projects at borrowing rates that are as low as possible. This can result in a trade off of short term returns on deposits to obtain the best possible rate on long term borrowings.
- 6.2 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high and will continue to be maintained for the borrowing excluding the HRA reform settlement.

Against this background and the risks within the economic forecast, caution will be adopted with the 2012/13 treasury operations. The Corporate Director of Finance & Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

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

6.3 Self financing implications

The requirement for the HRA reform settlement to be made to the CLG on 28 March 2012 will require a separate consideration of a borrowing strategy. The Council will need to have the cash settlement amount of £265m available by the 28th March

2012, so separate borrowing solely for this purpose is anticipated. The PWLB are providing loans at interest rates 0.85% lower than the usual PWLB interest rates solely for the settlement requirements. This provides a compelling reason to utilise this borrowing availability. The exact structure of debt to be drawn is currently being considered by officers to ensure it meets the requirements of the HRA business plan and the overall requirements of the Council. Whilst the debt can be drawn earlier than needed, this may incur a revenue cost, and will be considered when a review of the structure of actual prevailing borrowing and investment interest rates is undertaken nearer to the time.

For borrowing authorities, such as Barking & Dagenham, the PWLB will continue to offer early repayment flexibility via the variable rate loan for borrowing authorities. Both the variable rate and the lower rate will be available until the 26 March 2012. Although the PWLB have confirmed that it does not have any long-term concerns that the European debt crisis will have an impact on their ability to lend (because the self-financing borrowing and repayment are within the public sector and therefore has no external impact) the Council will continue to monitor the situation in case the situation does change.

The PWLB has confirmed that it will not split debt between the General Fund and HRA. However, CIPFA recommends that a book exercise is undertaken by authorities who wish to split their debt between the HRA and GF. Barking & Dagenham has decided that it will manage and account for the HRA debt separately from GF activities. This will ensure that the HRA can be operated as standalone business within the Council. This also follows DCLGs policy in this area who have confirmed that the ring fence between the HRA and General Fund will continue after the introduction of self-financing.

The importance of good treasury management under self-financing will be needed to support achievement of business objectives and to conform to the requirements of the debt cap. Although, no specific sanctions have yet been announced if the debt-cap is breached DCLG have confirmed that the Section 151 officer and the Council as a whole would be in breach of the law. Furthermore, DCLG have confirmed that once the debt cap is set it will not be reduced for individual councils; however, in the event that forecasts on which the limit is based are wrong then DCLG will review the limit and issue a revised determination where necessary.

For further details please refer to the HRA Business Plan.

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

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

- Maintain an appropriate balance between PWLB and market debt in the debt portfolio;
- Use short dated PWLB fixed rate loans where rates are expected to be significantly lower than rates for longer period. This ensures that the maturity profile of the Council's debt portfolio is well spread;
- Ensure that new borrowings are drawn at periods when rates are expected to be low;
- Consider the issue of stocks and bonds if appropriate.

7. The Use of the Council's Resources and the Investment Position

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

Year End Resources	2010/11	2011/12	2012/13	2013/14	2014/15
£m	Actual	Estimate	Estimate	Estimate	Estimate
Fund balances / reserves	104	96	97	92	87
Capital receipts	5	8	11	13	15
Provisions	9	9	9	9	9
Total core funds	118	113	117	114	111
Working capital*	30	30	30	30	30
External borrowing	71	343	382	392	400
Capital financing requirement excl. PFI	-126	-441	-481	-482	-481
Expected investments	94	46	48	54	60

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

Investments are forecast to reduce in 2011/12 because the Council is reducing cash balances to finance the current year capital programme. In the above table, capital cash flow in future years is assumed to be funded from external borrowing, as the Council will otherwise face liquidity problems.

- The Council during the financial year will carefully consider the difference between borrowing rates and investment rates to ensure that the Council obtain value for money.
- Low bank rates are still expected for 2012/13 in comparison to external borrowing rates. This means the Council will continue to utilise internal borrowing rather than external borrowing as the opportunity arises.
- Short term savings as a result of avoiding new long term external borrowing in 2012/13 will also be considered in conjunction against the potential for incurring additional long term extra costs.

8. Policy on Borrowing in Advance of need

- 8.1 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 Capital Financing Requirement 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.

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.

9. Debt Rescheduling

- 9.1 As short term borrowing rates will be considerably 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, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

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;
- * enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Cabinet at the earliest available meeting following its action.

10. Minimum Revenue Provision (MRP) Policy

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge called Minimum Revenue Provision (MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP).

CLG Regulations have been issued which require the full Council to approve an **MRP Statement** In advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement.

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1);

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

This option provides for a reduction in the borrowing need over approximately the asset's life.

11. Annual Investment Strategy and Investment Policies

11.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

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

Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and overlay that information on top of the credit ratings. This is encapsulated within the credit methodology provided by the advisors, Sector.

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

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

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

11.2 Investment Counterparty Selection Criteria

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below;
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Corporate Director of Finance & Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either Specified or Non-Specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

Credit rating information is supplied by Sector, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), and rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

- 11.3 The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) are:

- Category 1 Banks – Part nationalised UK banks – Lloyds Bank and Royal Bank of Scotland. These banks are included while they continue to be part nationalised.
- Category 2 Banks - good credit quality – the Council will only use banks which:
 - i. are UK banks; and/or
 - ii. are non-UK and domiciled in a country which has a minimum sovereign long term rating of AAA (see Appendix 1C) and have, as a minimum, Fitch, Moody's and Standard and Poors credit ratings as stipulated in Appendix 1B.

However, it is proposed only to use UK banks during the Eurozone crisis and keep use of foreign banks under review depending on conditions in the financial markets.

- Category 3 Banks – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time. The Council's banker is Lloyds TSB so currently also falls into Category 1 above.
- Building societies. The Council will use all societies which meet the ratings criteria for Category 2 banks
- Money Market Funds – AAA
- UK Government (including gilts and the DMADF)
- Local authorities
- Supranational institutions
- Local Authority Mortgage Scheme
- Collective Investment Schemes

A limit of 40% of total cash balances will be applied to the use of Non-Specified investments

11.4 Use of additional information other than credit ratings.

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

11.5 Time and monetary limits applying to investments.

The time and monetary limits for institutions on the Council's counterparty list are set out in Appendix 1B (these will cover both Specified and Non-Specified Investments).

At the time of writing, the turmoil in the financial markets arising from the Eurozone crisis is far from over and therefore it is currently considered prudent to keep investments no longer than three months except for government backed UK institutions, which will be limited to a maximum of one year.

11.6 Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. The Bank Rate is forecast to remain unchanged at 0.5% before strating to rise from quarter 3 of 2013. The Bank Rate forecasts for financial year ends (March) are:

- 2011/ 2012 0.50%
- 2012/ 2013 0.50%
- 2013/ 2014 1.25%
- 2014/ 2015 2.50%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.

Investment instruments identified for use in the financial year are listed in Appendix 1B under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

Alternative financial instruments such as derivatives will not currently be considered but future use will **remain under review**.

11.7 Provisions for Credit-related losses

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.

12. Security of Capital - the Creditworthiness Policy

12.1 Monitoring of credit ratings:

- The Council complies with the new CIPFA guidance on credit ratings.

- The Council uses the creditworthiness service provided by Sector Treasury Services. Data is provided on a weekly and daily basis. This service enables the Council to have access to ratings from all three credit rating agencies – Fitch, Moody's and Standards and Poor's as well as data which reviews market indicators. This is reviewed on an on-going basis for all investments and countries.
- If a counterparty's or investment scheme's rating is downgraded with the result that it no longer meets the Council's minimum criteria, the further use of that counterparty /investment scheme as a new investment will be withdrawn immediately;
- If a counterparty is downgraded but still meets the Council's minimum criteria, it would be watched closely and any further downgrading would result in the Council removing it from its lending list. It should however be noted that where the Council enters into a fixed term deposit, the borrower has no obligation to entertain any request for premature redemption though the Council may ask for the deposit to be broken. However this is not market practice and the institution is under no obligation to comply;
- If a counterparty is upgraded so that it fulfils the Council's criteria, its inclusion will be considered and put to the S151 Officer for approval;
- A detailed list of investment classification and counterparty limits is included in Appendix 1B to this report.

12.2 Country Limits and Use of Foreign Banks

To ensure that the Council's investments are not concentrated in too few counterparties or countries, the Council will invest in strong UK and non UK foreign banks whose sovereign ratings meet its minimum criteria of A+ long-term Fitch credit rating (Moody equivalent A1 and Standards & Poor equivalent A+). No more than 25% of the Council's total aggregate funds will be invested in any one country apart from the UK. Sovereign ratings will remain at AAA.

However during the current financial market turmoil arising from the Eurozone crisis, it is proposed to keep investments solely within the UK until the situation improves. This will be kept under constant review and the Council will follow recommendations of our treasury advisers concerning the Eurozone crisis.

12.3 Use of other Local Authorities

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

12.4 Use of Multilateral Development Banks

S15 of the Local Government Act 2003 SI 2004 no. 534 amended provides regulations to clarify that investments in multilateral development banks were not to

be treated as being capital expenditure. Should the Council invest in such institutions then only such institutions with AAA credit rating and government backing would be invested in consultation with the Council's treasury management adviser and the S151 Officer.

12.5 Use of Brokers

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

13. Use of External Fund Managers

13.1 It is the Council's policy to use external fund managers for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories, and are contractually committed to keep the Council's investment strategy. The level of external balances is under constant review as the level of capital receipts and available cash flow diminishes. The performance of each manager is challenged quarterly by the S151 Officer or delegated officers and the Council's treasury advisers.

13.2 The Council currently uses Investec as a fund manager with £28m of the Council's funds managed on a segregated mandate basis. In selecting the institutions to include in their counterparty listing, it is the external manager's policy to maintain a list of counterparties and assets based on the Council's set minimum criteria. This list is approved by their specialist credit team who independently research all potential counterparties before inclusion and regularly monitor and update to ensure that any change in credit worthiness and valuation is captured.

13.3 The fund manager provides the Council with a periodic outlook on fund returns. For 2011/12, the return achieved for nine months to 31 December 2011 is 1.87%, compared to a best case scenario of 2.0%. This scenario is based on the recent trend of the MPC rate which has continuously remained at 0.5% with predictions for a rate change now not until late 2013.

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

13.5 The Council has, until recently, also used the services of Scottish Widows Investment Partners (SWIP). As their return on investment has been significantly below the level of Investec, the funds have been recalled to meet the Council's cash flow needs.

13.6 Pension Fund Cash

London Borough of Barking and Dagenham will comply with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, which were implemented on 1 January 2011. The Council has a separate bank account for the Pension Fund and pools pension fund cash with its

own cash balances for investment purposes, with its share of interest earnings credited to the Pension Fund.

14. Policy on the use of external service providers

14.1 The Council uses Sector as its external treasury management advisors.

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

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.

The Prudential and Treasury Indicators 2012/13 – 2014/15

1. Capital Prudential Indicators

1.1 Capital Expenditure. This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital Expenditure	2010/11	2011/12	2012/13	2013/14	2014/15
£'000m	Actual	Estimate	Estimate	Estimate	Estimate
Adult & Community Services	17,513	13,154	4,472	5,939	4,350
Children's Services	40,912	77,196	47,212	14,813	0
Environment & Housing General Fund	13,004	5,320	4,231	2,489	2,000
Resources	8,420	20,762	24,223	2,130	1,892
Capitalisation directive	2,698	3,000	3,000	3,000	3,000
Asset Management Plans (all directorates)			1,000	1,000	1,000
General Fund	82,547	119,432	84,138	29,371	12,242
HRA	23,643	47,466	60,700	52,400	53,800
HRA settlement		265,000			
HRA	23,643	312,466	60,700	52,400	53,800
Total	106,190	431,898	144,838	81,771	66,042

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

1.2 The Council's Borrowing Need (the Capital Financing Requirement)

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

Following accounting changes the CFR includes any other long term liabilities (e.g. PFI schemes, finance leases) brought onto the balance sheet. Whilst this increases 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. The Council currently has £36m of such schemes within the CFR. The Council is asked to approve the CFR projections below:

£'000	2010/11	2011/12	2012/13	2013/14	2014/15
	Actual	Estimate	Estimate	Estimate	Estimate
Capital Financing Requirement					
CFR – non housing	142,491	169,983	219,698	220,210	219,752
CFR - housing	9,563	31,262	45,762	45,762	45,762
HRA Settlement		265,000	265,000	265,000	265,000
Total CFR	152,054	466,245	530,460	530,972	530,514
Movement in CFR		314,191	64,215	512	-458
Movement in CFR represented by					
Net financing need for the year (above)	40,189	54,891	47,264	9,300	8,350
HRA Settlement		265,000			
Dagenham Park School PFI			23,750		
Less MRP and other financing movements	-4,021	-5,700	-6,799	-8,788	-8,808
Movement in CFR	36,168	314,191	64,215	512	-458

2. Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the

impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

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

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2010/11	2011/12	2012/13	2013/14	2014/15
	Actual	Estimate	Estimate	Estimate	Estimate
General Fund	5.86%	7.25%	9.95%	11.79%	12.51%
HRA (inclusive of settlement)	1.29%	3.46%	9.26%	8.94%	8.63%

The estimates of financing costs include current commitments and the proposals in this budget report.

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

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

£	2010/11	2011/12	2012/13	2013/14	2014/15
	Actual	Estimate	Estimate	Estimate	Estimate
Council Tax - band D	0.00	0.02	0.04	0.01	0.01

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

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

£	2010/11	2011/12	2012/13	2013/14	2014/15
	Actual	Estimate	Estimate	Estimate	Estimate
Weekly housing rent levels	0.00	0.01	0.52	0.00	0.00

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

3. Treasury Indicators: Limits to Borrowing Activity

3.1 The Operational Boundary.

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

Operational boundary £m	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Borrowing	77,800	117,264	126,564	134,914
Add HRA settlement	265,000	265,000	265,000	265,000
Long term liabilities	25,000	49,000	49,000	49,000
Total	367,800	431,264	440,564	448,914

3.2 The Authorised Limit for external borrowing

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

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

Authorised limit £'000	2011/12	2012/13	2013/14	2014/15
	Estimate	Estimate	Estimate	Estimate
Borrowing	165,000	204,000	213,000	222,000
Add HRA settlement	265,000	265,000	265,000	265,000
Long term liabilities	35,000	59,000	59,000	59,000
Total	465,000	528,000	537,000	546,000

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

HRA Debt Limit £'000	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Total	5,042	281,000	281,000	281,000

4. Treasury Management Limits on Activity

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

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

	2012/13	2013/14	2014/15
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	70%	70%	70%
Maturity Structure of borrowing 2012/13			
	Lower	Upper	
Under 12 months	0%	20%	
12 months to 2 years	0%	40%	
2 years to 5 years	0%	70%	
5 years to 10 years	0%	70%	
10 years and above	0%	60%	

5. Investment treasury indicator and limit

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

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

Maximum principal sums invested > 364 days			
£m	2012/13	2013/14	2014/15
	£m	£m	£m
Principal sums invested > 364 days	50	50	50

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime. The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.

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

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

The investment policy proposed for the Council is:

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

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

- 1) The UK Government (such as the Debt Management Account Deposit Facility, UK Treasury Bills or a Gilt with less than one year to maturity).
- 2) Supranational bonds of less than one year's duration.
- 3) A local authority, parish council or community council.
- 4) Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by the rating agencies
- 5) A body that is considered of a high credit quality (such as a bank or building society. For category 5 this covers bodies with a minimum short term rating of F1 (or the equivalent) as rated by the three rating agencies

Non-Specified Investments – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale

supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

Non Specified Investment Category	
a.	<p>Supranational Bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO}) - The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>
b.	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>
c.	<p>The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible. The Council's current bankers are Lloyds TSB which currently is supported by the UK government.</p>
d.	<p>Any bank or building society that has a minimum long term credit rating of AA- or equivalent, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>
e.	<p>Share capital or loan capital* in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. There is a higher risk of loss with these types of instruments. This area is currently under consultation by the CLG and loan capital may not be deemed capital expenditure from 1 April 2012.</p>
f.	<p>Pooled property or bond funds* – The use of these instruments will normally be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies.</p> <p>The key exception to this is an investment in the CCLA Local Authorities Property Fund.</p>

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

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

The Monitoring of Investment Counterparties

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

Use of External Fund Manager(s)

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

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

Counterparty / Financial Instrument	Minimum Credit Rating Criteria **						Other Investment Criteria *		Use	
	Long Term Ratings			Short Term Ratings			Maximum Duration	Counterparty Limit £m	In House	Fund Manager
	Fitch	Moody's	S & P	Fitch	Moody's	S & P				
Government Supported UK Banks (Lloyds TSB and RBS) SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds	A	A2	A	F2	Prime-2	A-2	12 months or as advised by Sector	30	Y	Y
Other UK Banks & Building Societies * SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds	A+	A1	A+	F1	Prime-1	A-1	12 months or as advised by Sector	15	Y	Y
Multilateral Development Banks Corporate Bonds	AAA	Aaa	AAA				12 months	10	Y	Y
Local Authorities Term Deposits	High security – not credit rated						12 months	15	Y	Y
UK Government Treasury Bills Gilts DMADF	Government – not credit rated						n/a	n/a	Y N Y	Y Y Y
Money Market Funds	AAA/ mmf	Aaa/ MR1+	AAA/ m				T+1	15	Y	Y
Managed Funds Gilt Funds/Bond Funds Collective Inv Schemes	AA	Aa2	AA				T+3	15	N Y	Y Y

* CDS data – For Other UK Banks & Building Societies the Council will follow Sector’s recommendation for investing – ie only invest where CDS spread is “In Range” or “Monitoring” on Sector’s Weekly Credit List.** Support Ratings – The Council will have regard to counterparties’ Support Ratings in making investment decisions, however these are reflected in individual short and long term credit ratings, so not included in table above.

Non-Specified Investments:

Where investments are held for longer than 365 days they are classified as Non-specified Investments. Strong credit quality is a major factor in the choice of borrower. A maximum of 40% will be held in aggregate in non-specified investments

	Minimum Credit Rating – Based on Fitch and Standard & Poor’s Ranking			Used By	Support Rating	Maximum Maturity Period	Maximum % of Total Council Investment
	Short-Term	Long-Term	Viability				
Term Deposits – Other Local Authorities (With Maturities in Excess of 1 Year)	High Security – Although Not Credit Rated			In House		2 Years	25%
Term Deposits – Banks & Building Societies (With Maturities in Excess of 1 Year). Including Structured Products	F1 or Equivalent	AA- or Equivalent		In House	1	2 Years	25%
Certificates of Deposits Issued by Banks & Building Societies	F1 or Equivalent	AA- or Equivalent		Fund Managers	1	2 Years	40%
UK Government Gilts With Maturities in Excess of 1 Year	AAA			Fund Managers		3 Years	40%

	Minimum Credit Rating – Based on Fitch and Standard & Poor’s Ranking			Used By	Support Rating	Maximum Maturity Period	Maximum % of Total Council Investment
	Short-Term	Long-Term	Viability				
Pooled Funds - Various	F1	AAA		Fund Managers			40%
Structured Deposits With variable Rates and Maturities – Callable and Flappable Deposits, Range Trades & Snowballs	F1	AAA	B	In House	1	2 Years	25%
Bonds Issued by a Financial Institution Which is Guaranteed by the UK Government	AAA			In House Fund Managers		3 Years	40%
Bonds issued by Multilateral Development Banks	AAA			In House Fund Managers		3 Years	40%
Sovereign Bond Issues (i.e. Other than the UK Government)	AAA			Fund Managers		2 Years	40%
Bond Funds	AAA			Fund Managers		2 Years	25%

Non- Specified Investments with Maturities of Any period

From time to time in periods of volatile interest rates, the Council may invest in non-specified investments with variable rates and variable maturities

Organisation	Minimum Credit Criteria	Use	Max. maturity period and limit
Local Authority mortgage guarantee scheme	AAA	Fund Manager In-house	5 Years 25%

Key

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

Long Term Ratings – A – Capacity for payment of commitments considered strong

AA – Very strong capacity for payment of commitments

AAA – Exceptionally strong capacity for payment of commitments

Individual Rating B – Strong organisation, no major concerns.

C – Adequate organisation, some concerns regarding its profitability and Balance Sheet.

Support Rating 2 – High probability of external support

3 – Moderate probability of support

APPROVED COUNTRIES FOR INVESTMENT APPENDIX 1C

Approved countries for investments – subject to continual review during Eurozone financial crisis

Based on lowest available rating

AAA

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

Interest Rate Forecast 2011/2015

APPENDIX 1D

Sector's Interest Rate View															
	Now	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Sector's Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	2.00%	2.25%	2.50%
3 Month LIBID	0.87%	0.70%	0.70%	0.70%	0.70%	0.70%	0.75%	0.80%	0.90%	1.20%	1.40%	1.60%	2.10%	2.40%	2.60%
6 Month LIBID	1.16%	1.00%	1.00%	1.00%	1.00%	1.00%	1.10%	1.20%	1.40%	1.60%	1.80%	2.00%	2.50%	2.70%	2.90%
12 Month LIBID	1.65%	1.50%	1.50%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.20%	2.40%	2.60%	3.10%	3.20%	3.30%
5yr PWLB Rate	2.25%	2.30%	2.30%	2.30%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.10%	3.30%	3.50%	3.70%
10yr PWLB Rate	3.33%	3.30%	3.30%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%	4.60%	4.80%
25yr PWLB Rate	4.24%	4.20%	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%
50yr PWLB Rate	4.26%	4.30%	4.30%	4.30%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
Bank Rate															
Sector's View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	2.00%	2.25%	2.50%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
5yr PWLB Rate															
Sector's View	2.25%	2.30%	2.30%	2.30%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.10%	3.30%	3.50%	3.70%
UBS	2.25%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	-	-	-	-	-
10yr PWLB Rate															
Sector's View	3.33%	3.30%	3.30%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%	4.60%	4.80%
UBS	3.33%	3.45%	3.45%	3.50%	3.60%	3.65%	-	-	-	-	-	-	-	-	-
Capital Economics	3.33%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-	-	-
25yr PWLB Rate															
Sector's View	4.24%	4.20%	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%
UBS	4.24%	4.80%	4.90%	4.90%	4.90%	4.90%	-	-	-	-	-	-	-	-	-
Capital Economics	4.24%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	-	-	-	-	-
50yr PWLB Rate															
Sector's View	4.26%	4.30%	4.30%	4.30%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
UBS	4.26%	4.80%	4.95%	4.95%	5.00%	5.00%	-	-	-	-	-	-	-	-	-
Capital Economics	4.26%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	-	-	-	-	-

Economic Background**Global economy**

The outlook for the global economy remains clouded with uncertainty with the UK economy struggling to generate sustained recovery that offers any optimism for the outlooks for 2011 and 2012, or possibly even into 2013. Consumer and business confidence levels are low and with little to boost sentiment, it is not easy to see potential for a significant increase in the growth rate in the short term.

At the centre of much of the uncertainty is the ongoing **Eurozone sovereign debt crisis** which has intensified, rather than dissipated throughout 2011. The main problem has been **Greece**, where, even with an Eurozone/IMF/ECB bailout package and the imposition of austerity measures aimed at deficit reduction, the lack of progress and the ongoing deficiency in addressing the underlying lack of competitiveness of the Greek economy, has seen an escalation of their problems. These look certain to result in a default of some kind but it currently remains unresolved if this will be either “orderly” or “disorderly”, and/or also include exit from the Euro bloc.

As if that were not enough there is growing concern about the situation in **Italy** and the risk that contagion has not been contained. Italy is the third biggest debtor country in the world but its prospects are limited given the poor rate of economic growth over the last decade and the lack of political will to address the need for fundamental reforms in the economy. The Eurozone now has a well established track record of always doing too little too late to deal with this crisis; this augurs poorly for future prospects, especially given the rising level of electoral opposition in northern EU countries to bailing out profligate southern countries.

The US economy offers little to lift spirits. With the next Presidential elections due in November 2012, the current administration has been hamstrung by political gridlock with the two houses split between the main parties. In quarter 3 the Federal Reserve started “Operation Twist” in an effort to re-ignite the economy in which growth is stalling. High levels of consumer indebtedness, unemployment and a moribund housing market are weighing heavily on consumer confidence and so on the ability to generate sustained economic growth.

Hopes for broad based recovery have, therefore, focussed on the **emerging markets** but these areas have been struggling with inflationary pressures in their previously fast growth economies. China, though, has maintained its growth pattern, despite tightening monetary policy to suppress inflationary pressures, but some forward looking indicators are causing concern that there may not be a soft landing ahead, which would then be a further dampener on world economic growth.

UK economy

The Government’s austerity measures, aimed at getting the public sector deficit into order over the next four years, have yet to fully impact on the economy. However, coming at a time when economic growth has virtually flatlined and concerns at the risk of a technical recession (two quarters of negative growth) in 2012, it looks likely that the private sector will not make up for the negative impact of these austerity measures given the lack of an export led recovery due to the downturn in our major trading partner

– the EU. The housing market, a gauge of consumer confidence, remains weak and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. GDP growth has, basically, flatlined since the election of 2010 and, worryingly, the economic forecasts for 2011 and 2012 have been revised lower on a near quarterly basis as the UK recovery has, effectively, stalled. With fears of a potential return to recession the Bank of England embarked on a second round of Quantitative Easing to stimulate economic activity.

Unemployment. With the impact of the Government's austerity strategy impacting the trend for 2011 of steadily increasing unemployment, there are limited prospects for any improvement in 2012 given the deterioration of growth prospects.

Inflation and Bank Rate. For the last two years, the MPC's contention has been that high inflation was the outcome of temporary external factors and other one offs (e.g. changes in VAT); that view remains in place with CPI inflation standing at 5.2% at the start of quarter 4 2011. They remain of the view that the rate will fall back to, or below, the 2% target level within the two year horizon.

AAA rating. The ratings agencies have recently reaffirmed the UK's AAA sovereign rating and have expressed satisfaction with Government policy at deficit reduction. They have, though, warned that this could be reviewed if the policy were to change, or was seen to be failing to achieve its desired outcome. This credit position has ensured that the UK government is able to fund itself at historically low levels and with the safe haven status from Eurozone debt also drawing in external investment the pressure on rates has been down, and looks set to remain so for some time.

Sector's forward view

Economic forecasting remains troublesome with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains weak and whilst there is still a broad range of views as to potential performance, they have all been downgraded throughout 2011. Key areas of uncertainty include:

- a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to exporting manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that increasingly seem likely to be undershot;
- a continuation of high levels of inflation ;
- the economic performance of the UK's trading partners, in particular the EU and US, with some analysts suggesting that recession could return to both;
- stimulus packages failing to stimulate growth;
- elections due in the US, Germany and France in 2012 or 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.

The overall balance of risks remains weighted to the downside. Lack of economic growth, both domestically and overseas, will impact on confidence putting upward

pressure on unemployment. It will also further knock levels of demand which will bring the threat of recession back into focus.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries.

Given the weak outlook for economic growth, Sector sees the prospects for any interest rate changes before mid-2013 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

ASSEMBLY

22 FEBRUARY 2012

Title: Adoption of Joint Waste Plan and Local Development Framework Proposals Map	
Report of the Cabinet Member for Regeneration	
Open report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Daniel Pope, Group Manager, Development Planning	Contact Details: Tel: 020 227 3929 E-mail: daniel.pope@lbbd.gov.uk
Accountable Divisional Director: Jeremy Grint, Divisional Director Regeneration and Economic Development	
Accountable Director: Tracie Evans, Corporate Director of Finance and Resources	
Summary:	
<p>The London Boroughs of Barking and Dagenham, Havering, Newham and Redbridge have prepared a Joint Waste Plan Development Plan Document (DPD) which is part of the Local Development Framework (LDF). The main purpose of the Joint Waste Plan is to ensure there is sufficient waste management capacity across the four boroughs to manage the apportionment set by the London Plan for municipal and commercial and industrial waste. The Joint Waste Plan has been through three main stages of consultation in line with the Town and Country Planning regulations; issues and options, preferred options and pre-submission. The preferred options version was approved by Cabinet on 20 February 2008 (Minute 115 refers). The pre-submission version was approved by Cabinet on 21 April 2009 (Minute 175 refers). The Plan was submitted to the Planning Inspectorate in September 2009 for an independent examination. The Planning Inspectorate has now approved the Joint Waste Plan subject to a number of binding changes being made. Officers consider that these changes do not significantly alter the Plan.</p> <p>The Joint Waste Plan is the final LDF Development Plan Document to be adopted by the Council and therefore the Council can now proceed to adopt the LDF Proposals Map also. The Proposals Map shows the designations and sites referred to in the Core Strategy, Borough Wide Development Policies, Site Specific Allocations and Barking Town Centre Area Action Plan which have all been adopted by Assembly, as well as the sites in the Joint Waste Plan Development Plan Document. It is an important tool in enabling stakeholders in the LDF process to understand and see where the policies of the LDF apply and where the site allocations are located.</p> <p>The Joint Waste Plan DPD has been circulated to all Councillors under separate cover and is available on the Council's website at http://moderngov.barking-dagenham.gov.uk/documents/s55610/Joint%20Waste%20Plan%20-%20JWDPD%20Appendix.pdf. The latest version of the LDF Proposals Map will be available at the meeting.</p> <p>The Cabinet considered the matter at its meeting on 17 January 2012 and recommend the</p>	

Assembly to adopt the Joint Waste Plan Development Plan Document and revised Proposals Map.
<p>Recommendation(s)</p> <p>Assembly is recommended to adopt the Joint Waste Plan Development Plan Document and revised Proposals Map, as part of the Barking and Dagenham Local Development Framework.</p>
<p>Reason(s)</p> <p>The Joint Waste Plan will help deliver the Council's Policy House objective of raising households incomes by ensuring that the historical trend of the East London Waste Authority Boroughs being the dumping ground for London's waste is reversed. This will help create a better mix of industries in the borough's designated employment areas and assist the Council's regeneration objectives.</p>

1. Introduction and Background

- 1.1 The London Boroughs of Barking and Dagenham, Havering, Newham and Redbridge have prepared a Joint Waste Plan which is part of the Local Development Framework. The main purpose of the Joint Waste Plan is to ensure there is sufficient waste management capacity across the four boroughs to manage the apportionment set by the London Plan for municipal, commercial and industrial waste.
- 1.2 The Joint Waste Plan has been through three main stages of consultation in line with the town and country planning regulations; issues and options, preferred options and pre-submission. The preferred options version was approved by Cabinet on 20 February 2008 (Minute 115 refers). The pre-submission version was approved by Cabinet on 21 April 2009 (Minute 175 refers). The Plan was submitted to the Planning Inspectorate in September 2009 for an independent examination.

2. Proposal and Issues

- 2.1 The Joint Waste Plan meets the London Plan waste apportionment through a combination of safeguarding existing waste management capacity and allocating sites for new facilities. As previously approved by Cabinet the Plan identifies the need for three new waste management facilities within the Dagenham Dock Sustainable Industries Park by 2021; two medium and one small scale facility. Two of these already have the benefit of planning permission, the TEG Anaerobic Digester and In Vessel Composting Facility and the Thames Gateway Power Gasification Plant.
- 2.2 Following an independent examination the Planning Inspectorate has approved the Joint Waste Plan subject to a number of binding changes being made. Officers consider that these changes do not significantly alter the Plan and therefore this report recommends adoption by the Assembly.
- 2.3 The main changes from the previous version of the Plan approved by Cabinet are as follows:

- In response to a representation from SITA their Materials Recycling Facility on River Road has been added to the list of safeguarded waste facilities. It is important to note that “safeguarded” means that if the use is lost to a non-waste use then its capacity must be compensated for elsewhere.
- The time span of the Plan has been revised from 2010-2020 to 2011-2021
- The revised (lower) London Plan apportionment has been included in the Joint Waste Plan and the Plan makes clear that the need for additional waste management capacity will be monitored against this figure.
- The assumed capacity of the safeguarded material reclamation facilities at Frog Island and Jenkins Lane has been revised to exclude the rejected waste and refuse derived fuel. Whilst this reduces the total capacity of safeguarded waste management facilities it has not altered the number of new waste management facilities needed.

3. Options Appraisal

- 3.1 The Council could choose not to adopt the Joint Waste Plan. However, the Cabinet previously approved the pre-submission version of the Plan and officers consider that the changes recommended by the Inspector do not alter it significantly.
- 3.2 The Council could choose not to adopt the Proposals Map but this would mean there would be no map showing where the policies and allocations of the LDF apply. This would severely hinder the development management process and be very inconvenient to all those with an interest in development in the borough.

4. Consultation

- 4.1 The Joint Waste Plan has been through three main stages of consultation in line with the town and country planning regulations; issues and options, preferred options and pre-submission. The preferred options version was approved by Cabinet on 20 February 2008. The pre-submission version was approved by Cabinet on 21 April 2009. Both Cabinet reports explained the consultation that took place and summarised the responses received. During the independent examination further consultation was undertaken on changes which arose before, during and after the hearings. This consultation involved advertising the changes in the local press and on the Council’s website. Due to the minor nature of these changes only a limited response was received principally from those bodies who had previously submitted representations in particular the GLA.
- 4.2 The proposals map represents the policies and proposals in the LDF which have been consulted on extensively prior to their adoption by the Council.

5. Financial Implications

Implications completed by: David Abbott, Principal Accountant

- 5.1 There are no significant financial implications / commitments as a result of the policies / principles / requirements specified within the Joint Waste Plan. The document is a forward plan that formally states the places within the Borough that waste industries can now go. The stipulations of the plan are essentially already in practice, but this document formalises them under the Local Development

Framework, and provides a stronger tool through which the Authority can control waste industries across the borough.

- 5.2 There are minor costs associated with printing and publishing the Joint Waste Plan, including placing a notice in the News at an average cost of £700. A limited number of Joint Waste Plans will be printed at a cost of £100. The cost of printing and publishing the proposals map will also cost approximately £2,300. These costs have been budgeted for and therefore can be met from within the existing Development Planning budget.

6. Legal Implications

Implications completed by: Paul Feild, Senior Lawyer
Telephone and email: 020 82273133 paul.feild@lbbd.gov.uk

- 6.1 The Planning and Compulsory Purchase Act 2004 (the “Act”) required the Council to replace its Unitary Development Plan (UDP) with a LDF. As observed above the Joint Waste Plan DPD and Proposals Map DPD are key LDF documents.
- 6.2 The Local Authorities (Functions and Responsibilities) (Amendment) (No 2) (England) Regulations 2004 provide that adoption of LDF documents are not an Executive function, so the resolution to adopt LDF documents under section 23 of the Act must be carried out by the Assembly.

7. Other Implications

- 7.1 **Customer Impact** - The Joint Waste Plan is subservient to and helps implement the Council’s LDF Core Strategy which was adopted by Council on 21 July 2010 (Minute 14 refers). The report clarified that in preparing the Core Strategy officers needed a thorough understanding of the current and forecast population profile of the borough and this was established in preparing the baseline for the Sustainability Appraisal for the Core Strategy and in preparing the Issue and Options documents. The Issues and Options documents included a document profiling the composition of each ward, the issues raised at their community forums and a focus on the major projects and development opportunities available in each as a basis for consultation. Officers are confident that having undertaken comprehensive consultation and undertaken a thorough sustainability appraisal that the Core Strategy policies do and will respond to the needs of the borough’s current and future residents.
- 7.2 **Health Issues** - The main impact on health is likely to be emissions produced during processing. However advice from the Health Protection Agency (2009) states that while it is not possible to rule out adverse effects from modern, well regulated waste incinerators with complete certainty, any potential damage to the health of those living close by is likely to be very small if detectable. There is less information available about alternatives to incineration such as gasification or anaerobic digestion; however impacts on health are likely to be similar to those arising from incineration. In any event the Joint Waste Plan specifically rules out incineration and makes clear that planning permission will only be granted for new waste facilities if they avoid any material adverse impact from the release of polluting substances to the atmosphere or land arising from facilities and transport.

Background Papers Used in the Preparation of the Report:

- Planning and Compulsory Purchase Act 2004
- The Town and Country Planning (Local Development) (England) Regulations 2004.
- The Local Authorities (Functions and Responsibilities) (Amendment) (No 2) (England) Regulations 2004
- Executive report, 20 February 2008, Local Development Framework: Joint Waste Development Plan Document Preferred Options (Minute 115 - 20/02/08)
- Executive report, 21 April 2009, Local Development Framework - Core Strategy, Borough-wide Development Policies, Site Specific Allocations and Joint Waste Development Plan Documents (Minute 175 – 21/04/09)
- Assembly report, 21 July 2010, Local Development Framework – adoption of Core Strategy Development Plan Document (Minute 14 – 21/07/10)
- Pre-submission Joint Waste Plan , LBBD, LBR, LBN, LBH, September 2009
- Inspector’s report on the Joint Waste Plan, Development Plan Document, Planning Inspectorate, November 2011
- The impact on health of emissions to air from municipal waste incinerators, Health Protection Agency, September 2009
- “Adoption of Joint Waste Plan and Adoption of Local Development Framework Proposals Map” report and minute, Cabinet 17 January 2012

List of appendices: None

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ASSEMBLY

22 FEBRUARY 2012

Title: Barking Station Masterplan Supplementary Planning Document	
Report of the Cabinet Member for Regeneration	
Open Report	For Decision
Wards Affected: Abbey	Key Decision: Yes
Report Author: Naomi Pomfret, Principal Planning Policy Officer, Development Planning	Contact Details: Tel: 020 8724 8097 E-mail: naomi.pomfret@lbbd.gov.uk
Accountable Divisional Director: Jeremy Grint, Divisional Director Regeneration and Economic Development	
Accountable Director: Tracie Evans, Corporate Director of Finance and Resources	
<p>Summary:</p> <p>At its meeting on the 10 May 2011 the Cabinet approved the draft Barking Station Masterplan Supplementary Planning Document (“the Masterplan”) for consultation and to be used as a material consideration by Development Management (Minute 136 refers). Following an eight week public consultation, the Masterplan has been finalised and is ready to be adopted by the Council. This report sets out the consultation results and the changes that have been made in response to these.</p> <p>The Masterplan provides more detail on the implementation of site allocation BTCSSA3 of the Barking Town Centre Area Action Plan Development Plan Document which the Assembly adopted on 23 February 2011 (Minute 58 refers).</p> <p>The Masterplan has been circulated to all Councillors under separate cover and is available on the Council's website at http://moderngov.barking-dagenham.gov.uk/documents/b12289/%20Supplementary%201,%20Tuesday,%2014-Feb-2012%2017.00,%20Cabinet.pdf?T=9. Copies of the Consultation Report are available in the Members’ Rooms at the Civic Centre and Town Hall and members of the public can obtain copies from the author.</p> <p>The Cabinet considered this report at its meeting on 14 February 2012 and recommended the Assembly to adopt the Barking Station Masterplan Supplementary Planning Document.</p>	
Recommendation(s)	
Assembly is recommended to adopt the Barking Station Masterplan Supplementary Planning Document.	
Reason(s)	
The Masterplan will help deliver the Council’s Policy House objective of raising household incomes by assisting in the regeneration of the station and the area around it. This will	

help improve the image of the town centre and therefore make it a more attractive place to invest. It will therefore help deliver outcomes under the Better Together and Better Home themes including “a borough in which people are proud and satisfied to live and work” and “a borough with good quality transport, including public transport, roads and footpaths”.

1. Introduction and Background

- 1.1 The draft Barking Station Masterplan Supplementary Planning Document (the Masterplan) was produced in consultation with the London Thames Gateway Development Corporation (LTGDC), the Mayor of London and the Greater London Authority (GLA) members including Transport for London (TfL) and Design for London (DfL) and a number of other key stakeholders including Network Rail, C2C and the Homes and Communities Agency (HCA).
- 1.2 The Masterplan provides more detail on the implementation of ‘Site Specific Allocation 3: Barking Station’ of the Barking Town Centre Area Action plan, which was adopted by the Council on 23 February 2011 (Minute 58 refers). Therefore, the Masterplan covers an area stretching from Linton Road to the Longbridge Roundabout and is centred on Barking Station.
- 1.3 As a Supplementary Planning Document (SPD), the Masterplan does not have the same status as the Action Plan but, once adopted, it will be an important material consideration in the determination of planning applications.
- 1.4 At its meeting on the 10 May 2011, the Cabinet recommended to approve the draft Barking Station Masterplan Supplementary Planning Document for consultation and to be used as a material consideration by Development Management (Minute 136 refers). An eight week consultation took place between 19 July and 13 September 2011. A number of minor changes have been made to the Masterplan following the consultation. The consultation results as well as the key changes to the Masterplan are set out below:

2. Proposal and Issues

- 2.1 The consultation (details given in Section 4 of this report) received a total of 47 responses. In general, support was received for the Masterplan’s overall aim and ambitions. Of the 30 questionnaires returned only one respondent did not support the vision for the station quarter set out in the Masterplan. However, a number of objections have been received from English Heritage, Design for London and two business owners with properties on Station Parade, regarding the site allocation BS10: Anchor Retail Store. Contrasting concerns have been voiced by English Heritage and Coplan Estates regarding site allocation BS4: Trocoll House. In addition, both English Heritage and Design for London called for the site allocations BS3: Station Parade and site allocation BS8: Roding House to pursue a heritage-led refurbishment approach and not comprehensive redevelopment. These sites and comments regarding site allocation BS13: Leisure Square and the Hapag-Lloyd building are outlined below. The full list of representations made on the Masterplan and the Council’s responses are detailed in the Consultation Report.

Site Specific Allocation BS3: Station Parade (the parade opposite Barking Station)

- 2.2 Both English Heritage and Design for London have called for Station Parade to be sensitively refurbished and not allocated for comprehensive redevelopment as set out in the Masterplan. It should be noted that Design for London is supportive of the approach taken to Salisbury Avenue and the delivery of housing on this portion of the site.
- 2.3 The proposal for Station Parade is a longer term aspiration in the Masterplan (15-25 years) which depends on the willingness of the landowner to bring forward the site for redevelopment. The site allocation involves redeveloping the existing parade with larger shop units and office accommodation above to create a higher quality frontage opposite the station and a residential terrace along Salisbury Avenue.
- 2.4 The Masterplan text acknowledges, in the description of BS3, that whilst Station Parade is not part of the grade II listing of Barking Station it was part of the 1959-1963 Masterplan and that it therefore reflects the overall approach to the station area. However, the units have been much altered over time and are of varying quality. It is proposed to amend the text of BS3 to clarify that, should a developer come forward seeking to refurbish Station Parade that the Council would support this approach as an alternative to a comprehensive redevelopment of the site.

Site Specific Allocation BS4: Trocoll House (building to the right of the station)

- 2.5 English Heritage has called for Trocoll House to be sensitively refurbished. BS4 allocates the site for a flexible approach, whilst seeking a historically-led refurbishment, the site allocation also acknowledges that a comprehensive redevelopment approach may be a more viable option.
- 2.6 This is a medium term aspiration in the Masterplan (5-15 years) which depends on the willingness of the landowner to bring forward the redevelopment. The aim here is to improve the retail offer aside the station by bringing forward either refurbishment or a comprehensive scheme which will deliver high quality office buildings which complement the station with retail at ground floor level.
- 2.7 Coplan Estates, the land owners, have also made a representation regarding this site. Whilst supportive of the overall aims and ambitions of the Masterplan, Coplan Estates expressed strong concerns surrounding the viability and desirability of bringing forward this site for refurbishment, wishing the Masterplan to solely advocate the comprehensive redevelopment of Trocoll House. Coplan Estates also expressed concern regarding restricting any future development on this site to five storeys and sought to allocate the site for residential use in addition to retail and office.
- 2.8 Whilst a historically-led refurbishment of this site is the favoured option, the Council recognise that the Masterplan needs to be flexible and not prescriptively constrain but guide development within the Masterplan area. As set out in Coplan Estates representation, the building fabric of Trocoll House is currently in a poor condition. To restrict this site to a historically-led refurbishment scenario would be overly constraining and may lead to further deterioration of the site, detracting from the regeneration of Barking Town Centre. Therefore it is recommended to amend the text of BS4 so it states that a balanced approach will be taken to this site.

- 2.9 BS4 sets out parameters such as the height of the building, ensuring that any future development respects and enhances the grade II listed Barking Station and its setting. The adopted Barking Town Centre Area Action Plan (2011) stipulates that tall buildings are not acceptable immediately adjacent to the grade II listed Barking Station (see Policy BTC17 and BTCSSA3). It is therefore not proposed to change this aspect of the policy.

Site Specific Allocation BS8: Roding House (building to the south west of the station)

- 2.10 English Heritage and Design for London have called for Roding House to be sensitively refurbished. The text of BS8 allocates the site for a flexible approach. Whilst seeking a historically-led refurbishment, the site allocation also acknowledges that a comprehensive redevelopment approach may be a more viable option.
- 2.11 This is a medium term aspiration in the Masterplan (5-15 years) which depends on the willingness of the landowner to bring forward the redevelopment. The aim here is to improve the retail offer beside the station by bringing forward either refurbishment or a comprehensive scheme which will deliver high quality office buildings which complement the station with retail at ground floor level.
- 2.12 As with site BS4: Trocoll House, it is recommended to amend the text of BS8 to further clarify the Council's approach to this site. Whilst a historically-led refurbishment of this site is the favoured option, it is considered that the Masterplan needs to be flexible and not prescriptively constrain but guide development within the Masterplan area. To restrict this site to a historically-led refurbishment scenario would be overly constraining and may lead to further deterioration of the site, detracting from the regeneration of Barking Town Centre. Therefore it is recommended to amend the text of BS8 to clearly state that a balanced approach will be taken to this site. Should a comprehensive redevelopment scheme come forward in the future, BS8 clearly sets out the priorities for the site.

Site Specific Allocation BS10: Anchor Retail Store

- 2.13 English Heritage and Design for London have objected to the allocation of this site as a suitable location for a large floorplate anchor retail store as detailed in the Masterplan. Shoeworld located at 7 Station Parade and the landlord for 3 Station Parade which is tenanted by T Cribb and Son Funeral Directors have also strongly objected to this allocation on the grounds that their businesses are operating successfully from this location and that the units are not in a poor state of repair.
- 2.14 Site Allocation BS10 seeks to deliver a 3,500 sqm floor plate which would meet the identified need for future retail 'comparison' floorspace in the town centre. This is a medium term aspiration in the Masterplan (5-15 years). The site is in multiple ownership and would need to be assembled for delivery by the private sector.
- 2.15 BS10 advocates a flexible approach for the site. Whilst primarily seeking a historically-led refurbishment which would retain the existing buildings of historic interest (namely the Locally Listed Barking Tap and units 1-9 Station Parade), the Masterplan also acknowledges that comprehensive redevelopment may be a more viable option. BS10 clearly states that should comprehensive redevelopment take

place that only a building of exceptional architectural merit would be permitted and that it would need to relate to the fine grain of the buildings in the vicinity.

- 2.16 The main concern which English Heritage and Design for London have regarding the comprehensive option for delivering this site allocation is the loss of the locally listed features – the Barking Tap and units 1-9 Station Parade, which are located within the Abbey and Barking Town Centre Conservation Area. Section 2.2 of the Masterplan identifies and highlights these features as heritage assets within the Masterplan area and their contribution to the wider town centre. English Heritage and Design for London would like the Council to uphold the protection of these buildings. However, as set out in the Section 2.1 of the Masterplan, there is a need to provide modern units to allow for the provision of larger floorplates to encourage investment from chain stores if it is to prosper as a Major Centre. This is substantiated by the Barking Town Centre Retail Update (2009) and the 2010 market analysis conducted by Savills in 2010 (this is an evidence document for the Masterplan). The site allocation BS10 was identified as the most suitable location for a large floorplate comparison retail store by the engineering and design consultancy Atkins, who produced the preferred development scenario set out in the Masterplan.
- 2.17 The heritage value of units 1-9 Station Parade and the Barking Tap is recognised and, as such, BS10 sought to strike a balance between the feasibility / viability of refurbishment and the desire for redevelopment and the delivery a large floor plate retail unit within the town centre.
- 2.18 Design for London has suggested an alternative approach for the site which would see development restricted to the foot print of the Cambridge House office building to deliver a similar floor plate but across successive levels. .This option has a number of advantages including:
- It retains existing heritage assets which give Barking its character and differentiates it from modern malls
 - It allows businesses to invest in their premises in the knowledge that the Council would not sanction their loss
 - It still potentially leaves space for an anchor store if such a proposal were to come forward

It also has a number of disadvantages including:

- There is a greater risk that Barking Town Centre will not be able to attract a large multiple comparison retailer if the site is not on one large floorplate. There is a lower footfall on Cambridge Road – being located away from the Station Parade thoroughfare may not be an attractive option
 - As the site is less attractive, there may be little potential to seek improvements to the quality and appearance of the existing units at ground and above ground level at 1-9 Station Parade.
- 2.19 On balance it is recommended that an element of flexibility should be retained that does not totally exclude the comprehensive redevelopment of the entire site. However, it is also recommended that the text of BS10 should be amended to more clearly stipulate that a development option which preserved the Barking Tap and 1-9 Station Parade would be favoured.

Site Specific Allocation BS13: Leisure Square

- 2.20 Design for London has raised concerns regarding the inclusion within this allocation of a new public space. Primarily their fear is that this public space is not required, nor is it of benefit to pedestrian connectivity. This space was envisaged as a desirable space for the new residents at the Cambridge Road Site (allocation BS9), and for surrounding office workers. Alternative design scenarios have been proposed by Design for London, including extending the building proposed for BS12 on the Linton Road Car Park further south along Cambridge Road so that a continuous frontage is provided. This is the favoured option and therefore it is recommended that BS13 is deleted and BS12 changed accordingly.

Hapag-Lloyd – extension of Masterplan boundary to include this site

- 2.21 Both Design for London and Hapag-Lloyd have made representations to seek that the Hapag Lloyd office block on Cambridge Road is included in the boundary of the Masterplan. This cannot be done because the boundary of the Masterplan area was fixed in the Barking Town Centre Area Action Plan. It should be noted that the interests of Hapag Lloyd have been carefully considered in the drafting of Site Allocation BS9: Cambridge Road.

3. Options Appraisal

- 3.1 The Masterplan is the product of an options analysis and three regeneration scenarios. The Preferred Option incorporates elements from the three original options and takes forward the cautious growth regeneration scenario. It is considered in the current economic climate that the cautious growth scenario is the most appropriate.
- 3.2 The Council could choose not to adopt the Masterplan. However, the Masterplan aims to transform the experience of those using the area and ensure a quality of public realm and development is achieved which befits the area's status as the gateway to Barking and Dagenham. Not producing the Masterplan would represent a missed opportunity and deny those who live and work in the borough the opportunity to benefit from these essential improvements.

4. Consultation

- 4.1 The draft Masterplan was consulted on between 19 July 2011 and 13 September 2011. The consultation was in accordance with the Town and Country Planning (Local Development) (England) Regulations 2004 (the regulations) and the Council's adopted Statement of Community Involvement. Further to this, the Council consulted local land owners in the Station Masterplan area to ensure that a response was received from these landowners; consultation for this group was extended to 2 November 2011.
- 4.2 A notice went into Issue 55 of the News to announce the consultation of the draft Masterplan (Cover Date 23 July 2011, circulated on 18 July 2011). Consultation material regarding the draft Masterplan was also made available in various locations and formats including on the Council website, in the borough Libraries, the Planning Reception at Maritime House in addition to the Civic Centre and Town Hall Receptions for the entire consultation period.

- 4.3 The Masterplan was also presented to the Barking Town Centre Working Group at its meeting on 9 March 2011 and members were reminded again at its 13 July 2011 meeting that the consultation was due to begin on 19 July 2011.
- 4.4 The consultation received 46 responses from a broad range of stakeholders. There was broad support for the aims and the objectives of the Masterplan.

5. Financial Implications

Implications completed by: David Abbott, Principal Accountant

- 5.1 The Barking Station Masterplan has previously been approved by Cabinet for public consultation, and is now being resubmitted following the consultation period. The revenue implications of producing, consulting on, and adopting the Masterplan are as follows:
- 5.2 The Council will receive £50,000 in 2011/12 from London Thames Gateway Development Corporation (LTGDC) (£38,000 already received, with £12,000 to be received in March 2012). This funding arrangement was secured because the project was started by the LTGDC when they had planning powers over London Riverside, including Barking Town Centre. When these planning powers were handed back to the Borough from 1 April 2011, so was this project; however so that the project could be finished, the LTGDC agreed one-off funding of £50,000. This funding will be used to offset the cost of existing staff within Planning Policy, who have managed the process and produced the document, the cost to the Council (£2900) of the drawings and plans produced by WS Atkins consultants and the minor costs of placing a notice in The News and printing the document.
- 5.3 The Council is also currently running one major capital scheme in this area: 'Improvements to Barking Station Forecourt', which links in with the proposals and ideals set out in the Masterplan

6. Legal Implications

Implications completed by: Paul Field, Senior Lawyer

- 6.1 The Planning and Compulsory Purchase Act 2004 (the "Act") required the Council to replace its Unitary Development Plan (UDP) with a Local Development Framework (LDF). As observed above the Barking Station Masterplan Supplementary Planning Document is a key LDF document.
- 6.2 The Local Authorities (Functions and Responsibilities) (Amendment) (No 2) (England) Regulations 2004 provide that adoption of LDF documents are not an Executive function, so the resolution to adopt LDF documents under section 23 of the Act must be carried out by the Assembly.

7. Other Implications

7.1 Risk Management

Risk	Probability	Impact	Priority	Action
Failure to meet legal requirements	Low	High	High	Relevant Act and Regulations will and have been followed in preparing and adopting the Masterplan
Policy not applied successfully	Low	High	High	Development Management staff will be fully briefed.
Failure to integrate fully with other Council policies and strategies	Low	High	High	The Masterplan has been produced in consultation with the LTGDC, the Mayor of London and Greater London Authority (GLA) family members including Transport for London (TfL) and Design for London (DfL) and a number of other key stakeholders including Network Rail, C2C and the Homes and Communities Agency (HCA).
Guidance is not upheld at appeal	Low	High	High	This Masterplan provides more detailed guidance on the implementation of the Action Plan which was adopted by the Council on 23 February 2011.
Policy is challenged by developers.	Low	High	High	Other local authorities have issued similar guidance. The Masterplan does not impose any new requirements but instead provides guidance to developers on how to comply with the policies in the Action Plan.

7.4 Customer Impact

An Equalities and Impact Assessment has been completed for the Masterplan. Overall the Masterplan will have positive impacts on target groups in the town centre. The equalities impacts of the Masterplan can be summarised as follows:

- Improved public realm and improved pedestrian movement around Barking Station
- Enhanced accessibility of Barking Station
- Creation of new public realm space
- Easier to alight from buses

7.5 **Safeguarding Children**

Improvements to the public realm outside of Barking Station and enhancement of the surrounding area will provide a better pedestrian environment for children, especially benefitting those who attend the Northbury Primary School.

7.6 **Health Issues**

The improvements to the Barking Station Forecourt area and the proposals for the upgrade of Barking Station should result in a more pleasant experience for commuters and other users of the station and therefore have positive impacts on their health and well being.

7.7 **Crime and Disorder Issues**

Section 17 of the Crime and Disorder Act 1998 places a responsibility on councils to consider the crime and disorder implications of any proposals. The Barking Station area is a hotspot for crime and the proposals contained in the Masterplan will help make the area safer by increasing natural surveillance, removing problem uses, increasing the amount of public realm particularly in front of Barking Station and therefore reducing overcrowding. All development proposals in the Barking Station area will need to comply with Policy BC7: Crime Prevention in the Borough Wide Development Policies Development Plan Document (reported to Cabinet on 15 March 2011).

7.8 **Property / Asset Issues**

All development proposals will need to be in line with both the Action Plan and the Masterplan. Therefore the Masterplan will have an impact on future use of the Council's Property and Assets where the need for planning permission is involved.

In general the Action Plan, the Core Strategy and the Masterplan set higher standards for new developments compared to the previous Unitary Development Plan (1995). This will therefore impact on the cost of new development.

BS12 Linton Road Carpark would generate a capital receipt for this underused asset.

Background Papers Used in the Preparation of the Report:

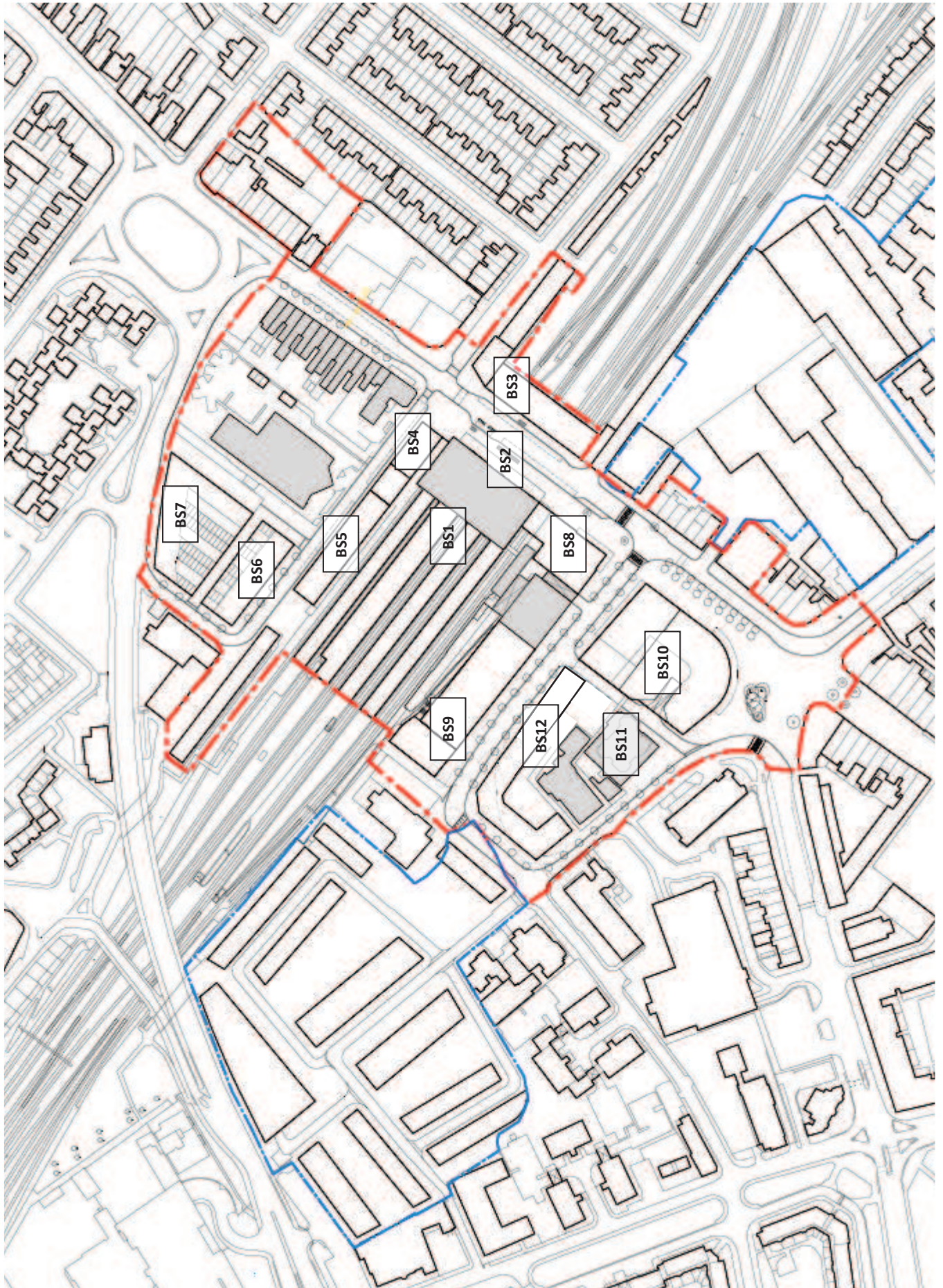
- Cabinet Report, 25 January 2011, Local Development Framework: Approval of the Barking Town Centre Area Action Plan, (Minute 92 - 25/01/11).
- Assembly Report, 23 February 2011, Local Development Framework:
- Approval of the Barking Town Centre Area Action Plan, (Minute 58 - 02/11).
- Cabinet Report 10 May 2011, Draft Barking Station Masterplan Supplementary Planning Document, (Minute 136 – 10/05/11)
- Atkins 2008 Baseline Reports:
 1. Transport Planning
 2. Heritage Impacts Analysis
 3. Pedestrian Modelling Report
 4. Planning Policy Review
 5. Structural Constraints Review (Building and Bridge Structures)
 6. Local Property Market Review
 7. Sustainability Appraisal and Equalities Impact Assessment (Scoping Report)

- Atkins Stage 2 Report: December 2008: Site Context and Analysis
- Atkins Stage 3 Report: April 2009: Masterplan Options Report
- “Barking Station Masterplan Supplementary Planning Document” report and minute, Cabinet 14 February 2012

List of appendices:

Appendix 1: Map showing Barking Station Masterplan allocations

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ASSEMBLY

22 FEBRUARY 2012

Title: Adoption of Supplementary Planning Documents - Biodiversity, Trees and Development and Residential Extensions and Alterations	
Report of the Cabinet Members for Regeneration and Environment	
Open	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Rachel Hogger, Planning Policy Manager, Development Planning	Contact Details: Tel: 020 8227 5605 E-mail: rachel.hogger@lbbd.gov.uk
Accountable Divisional Director: Jeremy Grint, Division Director Regeneration and Economic Development	
Accountable Director: Tracie Evans, Corporate Director of Finance and Resources	
Summary:	
<p>The draft Biodiversity Supplementary Planning Document (SPD) and the draft Trees and Development SPD were approved for consultation by the Cabinet on 23 November 2010 (Minute 67 refers). The draft Residential Extensions and Alterations SPD was approved for consultation by the Cabinet on 3 November 2009, (Minute 77 refers).</p> <p>The Biodiversity SPD sets out the Council's guidance on protecting and enhancing biodiversity in the borough through the planning process. The Trees and Development SPD provides guidance on how trees are protected in the borough and how this impacts on development proposals. Both SPDs will assist applicants in making sure they comply with policies in the Council's Local Development Framework (LDF) and London Plan and relevant national legislation. The Residential Extensions and Alterations SPD contains design advice which applicants will have to follow when applying for planning permission for residential extensions and alterations.</p> <p>Following public consultation on the draft SPDs undertaken in a six week period from 11 June to 23 July 2011, the SPDs have been finalised and are ready to be adopted by the Council. This report sets out the consultation results and the changes that have been made in response to these. Officers consider the changes made following the consultation have strengthened the SPDs.</p> <p>The three SPDs have been circulated to all Members of the Council under separate cover and are available on the Council's website at http://modern.gov.barking-dagenham.gov.uk/documents/b12289/%20Supplementary%201,%20Tuesday,%2014-Feb-2012%2017.00,%20Cabinet.pdf?T=9 . Copies of the Consultation Report are available in the Members' Rooms at the Civic Centre and Town Hall and members of the public can obtain copies from the author.</p> <p>The Cabinet considered this report at its meeting on 14 February 2012 and recommended the Assembly to adopt the three SPDs.</p>	

Recommendation(s)

Assembly is recommended to adopt of the Biodiversity Supplementary Planning Document, the Trees and Development Supplementary Planning Document and the Residential Extensions and Alterations Supplementary Planning Document.

Reason(s)

These three Supplementary Planning Documents will help deliver the “Better Together” and “Better Homes” themes of the Council Policy House by assisting in the delivery of the related outcomes “a borough with improved estates and homes that people choose to live in” and “a borough in which people are proud and satisfied to live and work”.

1. Introduction and Background

- 1.1 The draft Biodiversity SPD and the draft Trees and Development SPD were approved for consultation by the Cabinet on 23 November 2010 (Minute 67 refers). The draft Residential Extensions and Alterations SPD was approved for consultation by the Cabinet on 3 November 2009, (Minute 77 refers).
- 1.2 Formal consultation on the three documents was undertaken in a six week period from 11 June 2011 to 23 July 2011. The consultation was in accordance with the Town and Country Planning (Local Development) (England) Regulations 2004 (the regulations) and the Council’s adopted Statement of Community Involvement.
- 1.3 Following the consultation period the three documents were revised in light of the comments made. The majority of the changes to the three documents were minor and serve to improve the clarity of the documents. However, a few more significant changes were required and these are set out below:

2. Proposal and Issues

- 2.1 There are two significant changes being proposed to the draft Biodiversity SPD in response to comments received from the Environment Agency and Greenspace Information for Greater London:
 - Emphasizing more strongly in the document that development should where feasible seek to restore and enhance any watercourses on and adjacent to the development site. The naturalisation of culverted water courses should be investigated and measures to enhance the natural habitats alongside watercourses considered.
 - Clarifying in the document that where a habitat survey is required that publically available data obtained from the National Biodiversity Network (NBN) Gateway does not provide sufficient detail and cannot be considered as a substitute for a data search by Greenspace Information for Greater London.
- 2.2 The first change reflects the value in enhancing watercourses and naturalising culverted water courses in terms of benefiting biodiversity in the borough. This change will help ensure that opportunities, where appropriate, to improve existing water courses as part of agreements on major planning applications will not be lost.

- 2.3 No significant changes were made to the draft Trees and Development SPD.
- 2.4 There is one significant change being proposed to the draft Residential Extensions and Alterations SPD.
- Removing the requirement to leave a gap of 1 metre to the neighbours' boundary when undertaking a side extension. Instead the SPD will state that the Council may ask for a gap where the particular character of a street justifies it.
- 2.5 The reason for this change is to ensure that the SPD does not make an unnecessary blanket requirement and focuses on sustaining and enhancing positive characteristics of existing buildings and surroundings. This change is also supported by a number of planning appeal decisions having been allowed recently. Planning inspectors have taken the view that in some circumstances, the gaps between buildings do not contribute positively to the character of an area and that the loss of these gaps is not always harmful.

3. Options Appraisal

- 3.1 The Council could choose not to adopt the Biodiversity SPD, the Trees and Development SPD and the Residential Extensions and Alterations SPD. However, the Cabinet previously approved the draft Biodiversity SPD and Trees and the Development SPD on 23 November 2010 and the Cabinet previously approved the draft Residential Extensions and Alterations SPD on 3 November 2009. Officers consider the changes made following the consultation have strengthened the SPDs and that they provide essential guidance to developers and Council staff alike during the development management process

4. Consultation

- 4.1 Formal consultation on the three documents was undertaken in a six week period from 11 June 2011 to 23 July 2011. The consultation was in accordance with the Town and Country Planning (Local Development) (England) Regulations 2004 (the regulations) and the Council's adopted Statement of Community Involvement.
- 4.2 As part of this, the documents were placed on the Council's website, a public notice placed in the News, and electronic copies placed in the borough libraries on CD rom. In addition, consultation letters were sent directly to statutory planning consultees (including neighbouring boroughs, utility providers, Natural England, the Environment Agency and English Heritage), a list of general consultees (developers, agents and community groups) who have been actively involved in the LDF process in Barking and Dagenham and a list of 80 agents known to be operating with respect to householder developments in the borough.

5. Financial Implications

Implications completed by: David Abbott, Principal Accountant

- 5.1 The SPDs do not contain any new policies, but provide guidance on how to comply with existing legislation and the implementation of LDF policy. No new planning

applications would be required specifically as a result of this document, and therefore there will be no incremental increase in overall applications or planning income.

The work associated with consulting on and implementing the three SPDs has been carried out by current staff, and met from within the existing Regeneration & Economic Development budget. The only incremental costs to the Council of consulting on and implementing the SPDs are the minor costs of advertising, postage, and printing.

6. Legal Implications

Implications completed by: Paul Field, Senior Lawyer

- 6.1 The Planning and Compulsory Purchase Act 2004 (the “Act”) required the Council to replace its Unitary Development Plan (UDP) with a Local Development Framework (LDF). As observed above the Supplementary Planning Documents are key LDF documents.
- 6.2 The Local Authorities (Functions and Responsibilities) (Amendment) (No 2) (England) Regulations 2004 provide that adoption of LDF documents are not an Executive function, so the resolution to adopt LDF documents under section 23 of the Act must be carried out by the Assembly

7. Other Implications

7.1 Risk Management

Biodiversity and Trees and Development Supplementary Planning Documents

Risk	Probability	Impact	Priority	Action
Failure to meet legal requirements.	Low	High	High	Relevant Act and Regulations will be followed in preparing and adopting the SPDs.
Policy not applied successfully	Low	High	High	Development Management staff will be fully briefed.
Failure to integrate fully with other Council policies and strategies	Low	High	High	The Draft SPDs have been prepared in consultation with Natural England, the GLA, the London Biodiversity Partnership and relevant Council services. The SPDs help deliver the Policy House outcomes.

Guidance is not upheld at appeal	Medium	High	High	These SPDs are in line with Government guidance on protecting and enhancing biodiversity and protecting trees. Their purpose is to provide detailed guidance to developers on the implementation of LDF policy set out in the Borough Wide Development Policies DPD and the Core Strategy which have now been adopted.
Policy is challenged by developers.	Low	High	High	Other local authorities have issued similar guidance. The SPDs do not impose any new requirements but instead provide guidance to developers on how to comply with legislation and LDF policy.

Residential Extensions and Alterations Supplementary Planning Document

Risk	Probability	Impact	Priority	Action
Failure to meet legal requirements.	Low	High	High	Relevant Act and Regulations will be followed in preparing and adopting SPD.
Policy not applied successfully	Low	High	High	This SPD has been prepared by Development Management who will also be responsible for using the SPD when determining applications for residential extensions and alterations.
Failure to integrate fully with other Council policies and strategies	Low	High	High	The Draft SPD has been prepared in consultation with relevant consultees and helps deliver the Policy House outcomes.
Guidance is not upheld at appeal	Medium	High	High	This SPD takes account of the latest changes to the General Permitted Development Order. It is also more comprehensive than the Council's current guidance and therefore will enable the Council to take a more consistent approach to householders applications and appeals.
Policy is challenged by developers.	Low	High	High	Other local authorities have issued similar guidance. The SPD does not impose any new requirements but instead provides guidance to developers on how to comply with legislation and LDF policy.

- 7.2 **Staffing Issues** - The adoption of the SPDs will incur no additional burden to Council staff. Indeed, the plans are a key tool in assisting Development Management Officers when considering planning applications in the borough and will help bridge the capacity gap due to the reduction in resources in the Planning Policy Team.
- 7.3 **Customer Impact** - The three SPDs do not contain new policies but they do provide helpful guidance on how to comply with legislation concerning the protection of wildlife as well as implementation of LDF policy.

The consultation process undertaken in 2011 allowed the general public, developers and statutory bodies to comment on these documents. Consultation was undertaken in line with the Council's Statement of Community Involvement.

The potential impacts on customers are identified below:

External Customers:

- **Developers**

The Trees and Development SPD and the Biodiversity SPD explain the requirement to protect biodiversity and trees during the development process and to identify mitigation measures where necessary. This should enable developers to incorporate the protection and enhancement of biodiversity and the protection of trees from the earliest stages of a new project. This will help ensure that the necessary information is provided with the planning application and that delays are avoided later in the planning process.

- **Householders**

The Biodiversity SPD and the Trees and Development SPD both set out the responsibilities of householders with regard to permitted development and the protection of wildlife and to the protection of trees. These responsibilities are defined by legislation and therefore do not represent any additional burden on householders.

The Residential Extensions and Alterations SPD provides clearer and more detailed advice for those submitting planning applications for a proposal which involves the extension or alteration to their home. Applicants should therefore be more certain as to what they need to do to gain planning permission thereby saving time for themselves and planning officers. In addition clearer guidance should save applicants money.

Internal Customers:

- **Development Management.**

The Biodiversity SPD and the Residential Extensions and Alterations SPD should help Development Management identify at an early stage in the planning process if:

1. The necessary information has been provided
2. Measures to protect, enhance and create biodiversity and to protect trees are included in the application.

This will help Development Management staff ensure legal and policy requirements are met during the planning process.

The Residential Extensions and Alterations SPD will help Development Management when dealing with householder pre-application enquiries as well as planning applications.

- **Property Services**

Council proposals for the development of sites will benefit from the additional guidance provided in the three SPDs.

7.4 Health Issues

Biodiversity SPD and the Trees and Development SPD - The borough has a number of important habitats for sustaining biodiversity including 30 designated Sites of Importance for Nature Conservation, gardens, allotments, rivers and reed beds, and grassland. The borough is also home to a variety of protected species of plants and animals. The borough's biodiversity is enjoyed and accessed by many residents. It underpins our sense of health and wellbeing.

Residential Extensions and Alterations SPD - The SPD provides further guidance with respect to implementing adopted LDF policy. The SPD will help ensure residential extensions and alterations are allowed to take place in the borough to suit changing householder needs whilst also protecting the residential amenity of neighbouring properties (e.g. not lead to significant overlooking, loss of privacy, immediate outlook or overshadowing).

7.5 Crime and Disorder Issues – The Biodiversity SPD and the Trees and Development SPD both provide guidance on how to comply with legislation such as the Wildlife and Countryside Act 1981 and will help to address environmental crime in the borough.

7.6 Property / Asset Issues - Council proposals for the development of sites will also need to comply with LDF policy and as such will benefit from the guidance provided in all three SPDs.

Background Papers Used in the Preparation of the Report:

- Cabinet Report, 23 November 2010, Local Development Framework – Draft Biodiversity and Draft Trees and Development Supplementary Planning Document (Minute 67, 23/11/2010)
- Cabinet Report, 3 November 2009, Local Development Framework – Residential Extensions and Alterations Draft Supplementary Planning Document (Minute 77, 3/11/09)
- Cabinet report and minute, 14 February 2012, Adoption of Supplementary Planning Documents - Biodiversity, Trees and Development and Residential Extensions and Alterations

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ASSEMBLY

22 FEBRUARY 2012

Title: Confirmation of Article 4 Direction for Houses in Multiple Occupation	
Report of the Cabinet Member for Regeneration	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Daniel Pope, Group Manager, Development Planning	Contact Details: Tel: 020 227 3929 E-mail: daniel.pope@lbbd.gov.uk
Accountable Divisional Director: Jeremy Grint, Divisional Director Regeneration and Economic Development	
Accountable Director: Tracie Evans, Corporate Director Finance and Resources	
<p>Summary:</p> <p>On 30 March 2011 Assembly agreed to make a non-immediate Article 4 Direction, covering the whole borough, withdrawing permitted development rights for changes of use from use class C3 (dwelling house) to use class C4 (house in multiple occupation) (Minute 74 refers).</p> <p>In line with the requirements set out in the General Permitted Development Order as amended:</p> <ul style="list-style-type: none"> • The notice was placed in the News on 12 May 2011 advertising that the Direction was due to come into force on 14 May 2012 subject to confirmation by the Council and inviting representations between 14 May 2011 and 10 June 2011. • The notice and associated material was placed on the Council's website. • The notice was placed outside 691 Green Lane, 4-5 Tudor Parade in Chadwell Heath, 1 Town Square and outside Dagenham Heathway Station. • The notice was sent to the Secretary of State <p>The Council also notified its statutory planning consultees as well as registered HMO Landlords operating in the borough and placed the notice and associated material on the website.</p> <p>If confirmed by the Assembly, this non-immediate direction will come into force on 14 May 2012. Once confirmed a notice will be served locally and a copy of the confirmed direction will be sent to the Secretary of State. From 14 May 2012 any proposals for small HMOs would then be assessed principally against the Local Development Framework which restricts the loss of housing of three bedrooms or more. It only allows other proposals for HMOs where a number of criteria are met including that:</p> <ul style="list-style-type: none"> • The number of houses that have been converted to flats and / or HMOs in any road (including unimplemented but still valid planning permissions) does not exceed 10% of 	

the total number of houses in the road.

- No two adjacent properties apart from dwellings that are separated by a road should be converted.

The Cabinet considered this report at its meeting on 14 February 2012 and recommended the Assembly to confirm the Article 4 Direction.

Recommendation(s)

Assembly is recommended to confirm an Article 4 Direction, covering the whole borough, withdrawing permitted development rights for changes of use from use class C3 (dwelling house) to use class C4 (house in multiple occupation) to be effective from 14 May 2012.

Reason(s)

To help deliver the Better Home and Better Together outcomes in the Council's Policy House of :

- A borough with improved estates and homes that people choose to live in, whether owned by the Council, other social landlords, privately rented or owned.
- A clean borough, with low levels of litter and graffiti and where residents look after their own homes and gardens.
- A borough with low levels of antisocial behaviour, and where authorities support residents in getting problems solved.

1. Introduction and Background

1.1 HMOs make an important contribution to the private rented sector by catering for the housing needs of specific groups/households and by making a contribution to the overall provision of affordable or private rented stock. However, HMOs are not without their problems. The 2008 report by CLG "Evidence Gathering – Housing in Multiple Occupation and possible planning responses" identified a number of problems associated with HMOs including:

- anti-social behaviour, noise and nuisance
- imbalanced and unsustainable communities
- negative impacts on the physical environment and streetscape
- pressures upon parking provision
- increased crime
- growth in private rented sector at the expenses of owner-occupation
- pressure upon local community facilities and
- restructuring of retail, commercial services and recreational facilities to suit the lifestyles of the predominant population

1.2 In response to this the previous Government introduced a new C4 use class for small houses in multiple occupation and amended the 1995 (General Permitted Development) Order so that planning permission was required to change between the C3 (dwelling house) and C4 (house in multiple occupation) use classes. This Government has reversed this decision. On the 1st October 2010 the Town and Country Planning (General Permitted Development) (Amendment) (No.2) (England) Order 2010 came into force. The Order amends the 1995 (General Permitted

Development) Order and makes a change of use from a use falling within Class C3 (dwelling houses) to a use falling within Class C4 (houses in multiple occupation) 'permitted development' – i.e. planning permission is no longer needed to do this.

- 1.3 The Government has presented this change as part of wider reforms so that it moves from the current top down approach and creates a system which encourages local people to take responsibility for shaping their communities and gives power to Councils to make this happen. In this case the power is an Article 4 Direction.

2. Proposal and Issues

- 2.1 The Government has advised that local planning authorities should consider making Article 4 directions only in those exceptional circumstances where evidence suggests that the exercise of permitted development rights would harm local amenity or the proper planning of the area and that local planning authorities should identify clearly the potential harm that the direction is intended to address. The Government has advised that it might be appropriate to withdraw permitted development rights where they would undermine local objectives to create or maintain mixed communities. This has been a concern of the Council for many years. LBBB has had planning policies in place to control HMOs for at least 15 years. The previous Unitary Development Plan and the current Local Development Framework (LDF) seek to ensure that the number of houses that have been converted to flats and/or HMOs in any road does not exceed 10%. In addition the LDF now resists any proposals for residential conversions or Homes in Multiple Occupation which involve the loss of family sized houses. These policies were considered necessary to control the adverse effect that HMOs can have on the general character and amenity of an area and also to retain a reasonable stock of small/medium-sized dwellings suitable for families seeking to move out of flatted accommodation. The changes to the Order mean that the Council has no control over the loss of family sized houses to small HMOs nor can it restrict the number of small HMOs in any street.
- 2.2 Therefore on 30 March 2011 Assembly agreed to make a non-immediate Article 4 Direction to withdraw permitted development rights for small HMOs across the borough. If confirmed by the Assembly, this non-immediate direction will come into force on 14 May 2012. Once confirmed a notice will be served locally and a copy of the confirmed direction will be sent to the Secretary of State. From 14 May 2012 any proposals for small HMOs would then be assessed principally against the Local Development Framework which resists the loss of housing of three bedrooms or more. It only allows other proposals for HMOs where a number of criteria are met including that:
 - The number of houses that have been converted to flats and / or HMOs in any road (including unimplemented but still valid planning permissions) does not exceed 10% of the total number of houses in the road.
 - No two adjacent properties apart from dwellings that are separated by a road should be converted.

3. Options Appraisal

- 3.1 For the reasons set out in the previous report, officers consider that doing nothing is not an option. For this reason the previous report explained that the two options

available were to either make a non-immediate direction or an immediate direction. To avoid the compensation the Council may be liable for under an immediate Direction Cabinet agreed to make a non-immediate direction. No responses were received to the consultation on the making of the Article 4 Direction. Therefore for the reasons set out in the previous report it is recommended that Assembly confirms the Direction.

4. Consultation

4.1 When intending to make an Article 4 Direction, a Council as local planning authority (LPA) must give notice locally and nationally.

4.2 Local notification requires the following measures:

- Local advertisement (e.g. in a local newspaper).

The notice of the making of an Article 4 Direction withdrawing permitted development rights for changes of use from use class C3 (dwelling house) to use class C4 (house in multiple occupation) was placed in the News on 12 May 2011 advertising that the Direction was due to come into force on 14 May 2012 subject to confirmation by the Council. The notice invited representations between 14 May 2011 and 10 June 2011

- Site notice at no fewer than 2 locations within the area to which the Direction relates for not less than 6 weeks.

The notice was placed outside 691 Green Lane, 4-5 Tudor Parade in Chadwell Heath, 1 Town Square and outside Dagenham Heathway Station.

- Individually on every owner and occupier of every part of the land within the area to which the Direction relates.

Annex A of Appendix D of Circular 9/95 advises that this requirement would not apply if it is impracticable because it is difficult to identify/locate every owner and occupier or the number of owners or occupiers would make individual service impracticable. Given the size of the area under consideration and the quantity of individual owners /occupiers affected the Council did not notify individual parties in this way.

4.3 In addition to these statutory requirements the Council also consulted with its statutory planning consultees as well as the registered HMO landlords operating in the borough. The notice and associated material was placed on the Council's website.

4.4 National notification was also carried out as prescribed to the Secretary of State (SoS) on the same day the notice of the Article 4 Directions was first published / displayed locally.

4.5 No representations were received during the consultation period.

5. Financial Implications

Implications completed by: David Abbott, Principal Accountant
Telephone and email: 020 8227 2261 david.abbott@lbbd.gov.uk

- 5.1 The Council would not be entitled to charge a fee for planning applications that are only necessary because of this Article 4 Direction; therefore there would not be any impact on overall planning income. In order to avoid any possible claims for compensation, the Council has provided 12 months advance notice of the Article 4 taking effect (a non-immediate direction, approved by Assembly in March 2011).
- 5.2 The only costs to the Council associated with implementing the Article 4 Direction are the minor ones of publicising and printing (as well as staff time), which will be met from existing Regeneration & Economic Development budgets.

6. Legal Implications

Implications completed by: Paul Feild, Senior Lawyer
Telephone and email: 020 8227 3133 paul.feild@lbbd.gov.uk

- 6.1 As a general principle developments require planning permission from the Council as the Local Planning Authority. To avoid every single development being referred to planning authorities; the Town and Country Planning (General Permitted Development) Order 1995 (the "Order") gives the Secretary of State the power to issue directions that specified developments may be "permitted development" that is to say that they do not require planning consent.
- 6.2 Article 4 of the Order provides that a local planning authority may resolve to withdraw a specific "permitted development" and instead direct that the development will still need to seek planning permission from the authority. Article 4 directions cannot be used in relation to any type of development other than those explicitly granted permitted development rights through the GPDO, nor can they be applied retrospectively to development undertaken before a direction comes into force, or to development that has been commenced at the time that a direction comes into force.
- 6.3 DCLG Guidance provides that Local planning authorities should consider making article 4 directions only in those exceptional circumstances where evidence suggests that the exercise of permitted development rights would harm local amenity or the proper planning of the area. For all article 4 directions the legal requirement is that the local planning authority is satisfied that it is expedient that development that would normally benefit from permitted development rights should not be carried out unless permission is granted for it on an application.
- 6.4 In deciding whether an article 4 direction would be appropriate, local planning authorities are advised by the Guidance to identify clearly the potential harm that the direction is intended to address. As an example it could be that the exercise of permitted development rights would undermine local objectives to create or maintain mixed communities, or the visual amenity of the area or damage the historic environment.

- 6.5 Provided there is justification for both its purpose and extent, it is possible to make an article 4 direction covering any geographic area from a specific site to a local authority wide. However, the Guidance also provides that there should be a particularly strong justification for the withdrawal of permitted development rights relating to a wide area e.g. those covering the entire area of a local planning authority.
- 6.6 The Assembly in March 2011 considered that the report set out sound reasons why an Article 4 direction should be made to cover the whole borough, withdrawing permitted development rights for changes of use from use class C3 (dwelling house) to use class C4 (house in multiple occupation) and instead require a formal application for a change of use. The mechanism of a non-immediate Direction with a period of a year was chosen as in such cases there is no right to compensation for loss of permitted development rights to a developer who may have been going through the process of a change of use.
- 6.7 In accordance with the statutory procedure a Direction Document was made and notice given that it would be confirmed by the Council subject to any representation to become effective on 14 May 2012. It is understood there have not been any representations so the Direction can proceed to confirmation
- 6.8 The Statutory Guidance requires that following confirmation the same procedure for notice is applied.

7. Other Implications

- 7.1 **Risk Management** As set out in the previous report, officers consider that there is a legally sound basis for confirming this Article 4 direction. Whilst the Council has to notify the Secretary of State when the direction is published it is unlikely he/she would intervene. The Government's replacement Appendix D to Circular 9/95 published in November 2010 states that the Secretary of State will only exercise their powers in relation to article 4 directions if there are very clear reasons why intervention at this level is necessary.

There may be additional burdens for the planning enforcement service following adoption. However the Article 4 Direction effectively reinstates the position that existed in the borough prior to 1 October 2010.

- 7.2 **Customer Impact** - HMOs make an important contribution to the private rented sector by catering for the housing needs of specific groups/households and by making a contribution to the overall provision of affordable or private rented stock. Whilst black, Asian and other minority ethnic (BAME) communities are probably disproportionately represented in the HMO stock they are on balance likely to be advantaged by the Article 4 Direction for two reasons. BAME communities are more likely to require the family housing the Article 4 direction is seeking to protect and withdrawing permitted development rights will allow the Council more control over the location of small HMOs and therefore the associated problems cited in the CLG report titled "Evidence Gathering – Housing in Multiple Occupation and possible planning response". This will be to the benefit of all residents.
- 7.3 **Safeguarding Children** - Withdrawing permitted development rights will help preserve the borough's stock of family housing. Many of the problems associated

with HMOs cited in the CLG Evidence Gathering report will have an impact on the environment children are brought up in.

- 7.4 **Crime and Disorder Issues** - The CLG Evidence Gathering report identifies that increased crime was a problem associated with HMOs. Therefore withdrawing permitted development rights will help address this impact.

Background Papers Used in the Preparation of the Report:

- Assembly report, 30 March 2011, Withdrawal of Permitted Development Rights for Houses in Multiple Occupation (Minute 74 – 30/03/11)
- Evidence Gathering – Housing in Multiple Occupation and possible planning responses, CLG, 2008
- Town and Country Planning (General Permitted Development) (Amendment) (No.2) (England) Order 2010
- 1995 (General Permitted Development) Order (as amended)
- Town and Country Planning (Compensation) (No. 3) (England) Regulations 2010 (2010 No. 2135).
- The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (2000 No. 2853)
- Replacement Appendix D to Department of the Environment Circular 9/95:
- General Development Consolidation Order 1995
- “Confirmation of Article 4 Direction for Houses in Multiple Occupation” report and minute, Cabinet 14 February 2012

List of appendices: None

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ASSEMBLY**22 February 2012**

Title: Motions	
Report of: Stella Manzie, Chief Executive	
Open	For Decision
Wards Affected: All	Key Decision: No
Report Author: Margaret Freeman Senior Democratic Services Officer	Contact Details: Tel: 020 8227 2638 margaret.freeman@lbbd.gov.uk
Accountable Divisional Director: Tasnim Shawkat, Divisional Director, Legal & Democratic Services	
Accountable Director:	Stella Manzie, Chief Executive
<p>Summary</p> <p>The following motion has been received in accordance with paragraph 14 of Article 2, Part B of the Council's Constitution:</p> <p>Raising Household Incomes and Helping to Combat Child Poverty</p> <p>To be moved by Councillor Carpenter:</p> <p>"Raising household incomes is one of our top priorities in Barking and Dagenham. We know that the poorest in our community will pay the most as a result of the tax and benefit reforms designed by the Coalition Government. We also know that the poorest will suffer the most as a result of the cuts in services forced on us by the Coalition Government. Nevertheless, this Council will do all in its power to raise household incomes in our Borough during these harsh times, and help combat child poverty."</p> <p>The deadline for amendments to this motion is noon on Friday 17 February 2012.</p> <p>For information, attached at Appendix A is the relevant extract from the Council's Constitution relating to the procedure for dealing with Motions.</p>	
Recommendation	
The Assembly is asked to debate and vote on the above motion and any amendments.	
Reasons	
To accord with legislative requirements.	

**Extract from the Council Constitution
Part B, Article 2 - The Assembly**

14. Motions on issues directly affecting the Borough

- 14.1 Written notice of any motions must be received by the Chief Executive by no later than 4.00 pm on the Wednesday two weeks before the meeting. *The following provisions exclude a motion moving a vote of no confidence in the Leader of the Council (see paragraph 10 for details)*
- 14.2 The Chief Executive in consultation with the Chair, or in their absence the Deputy Chair, of the Assembly may decide not to place on the agenda any motions that he/she considers are of a vexatious or derogatory nature, or contrary to any provision of any code, protocol, legal requirement or rule of the Council; or that do not relate to the business of the Council or are otherwise considered improper or inappropriate.
- 14.3 The Chief Executive in consultation with the Chair, or in their absence the Deputy Chair, of the Assembly may decide not to place on the agenda any motions the content of which he/she feels forms the basis of a motion already considered at the Assembly within the previous twelve months.
- 14.4 In the event that the Member who submitted the motion is not present at the Assembly meeting, the motion will be withdrawn.
- 14.5 Any motions withdrawn as indicated above, or withdrawn at the request of the Member who submitted 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 Member, or a colleague on their behalf, has notified the Chief Executive by 5 pm on the day of the meeting of their inability to attend due to their ill health or family bereavement.
- 14.6 Motions will be listed on the agenda in the order in which they are received.
- 14.7 Motions must be about matters for which the Council has a responsibility or which directly affect the borough.
- 14.8 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 14.3, 14.4, 14.5 and 14.6 will apply in relation to any amendments received.
- 14.9 Any amendments proposed after the time specified in paragraph 14.8 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.
- 14.10 Order/rules of debate:
1. 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.
 2. The mover will move the motion and explain its purpose.

3. The Chair will invite another Member to second the motion
4. If any amendment(s) has been accepted in accordance with paragraphs 14.8 or 14.9, the Chair will invite the relevant Member to move the amendment(s) and explain its (their) purpose.
5. The Chair will invite another Member(s) to second the amendment(s).
6. The Chair will then invite Members to speak on the motion and any amendments.
7. Once all Members 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.
8. At the end of the debate, any amendments will be voted on in the order in which they were proposed.
9. If an amendment is carried, the motion as amended becomes the substantive motion to which any further amendments are moved and voted upon.
10. After an amendment has been carried, the Chair will read out the amended motion before accepting any further amendments, or if there are none, put it to the vote.
11. If all amendments are lost, a vote will be taken on the original motion.

15. Closure Motions

- 15.1 A member may move, without comment, the following motions at the end of a speech of another Member:
 - (i) to proceed to the next business;
 - (ii) that the question/motion be now put;
 - (iii) to adjourn a debate; or
 - (iv) to adjourn a meeting.
- 15.2 If a motion to proceed to next business is seconded the Chair will put this to a vote without further discussion on the original motion or item
- 15.3 If a motion that the question/motion be now put is seconded the Chair will call the vote on the original motion or question.
- 15.4 If a motion to adjourn the debate or to adjourn the meeting is seconded and the Chair thinks the item has not been sufficiently discussed and cannot reasonably be so discussed on that occasion, they will put the procedural motion to the vote without giving the mover of the original motion the right of reply.

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