Notice of Meeting

CABINET

Monday, 15 February 2016 - 7:00 pm
Council Chamber, Town Hall, Barking

Members: Cllr Darren Rodwell (Chair); Cllr Saima Ashraf (Deputy Chair) and Cllr Dominic Twomey (Deputy Chair); Cllr Laila Butt, Cllr Evelyn Carpenter, Cllr Cameron Geddes, Cllr Lynda Rice, Cllr Bill Turner and Cllr Maureen Worby

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AGENDA

1. Apologies for Absence

2. Declaration of Members' Interests

In accordance with the Council's Constitution, Members are asked to declare any interest they may have in any matter which is to be considered at this meeting. Members are reminded that the provisions of paragraph 9.3 of Chapter 1, Part 5 of the Constitution in relation to Council Tax arrears apply to agenda item 5.

3. Minutes - To confirm as correct the minutes of the meeting held on 19 January 2016 (Pages 3 - 8)

4. Budget Monitoring 2015/16 - April to December (Month 9) (Pages 9 - 53)

5. Budget Framework 2016/17 (Pages 55 - 76)

6. Council Tax Discretionary Relief Policy (Pages 77 - 93)

7. Treasury Management Strategy Statement 2016/17 (Pages 95 - 139)

8. **Gender Equality Charter (Pages 141 - 180)**

9. **Home-to-School Travel Assistance Policy (Pages 181 - 221)**

10. **Contract for Provision of Private Hire Vehicle Transport Services to SEND Children, Young People and Vulnerable Adults (Pages 223 - 235)**

11. **Outcome of Consultation on Care and Support Charging Policy (Pages 237 - 261)**

12. **Youth Zone Development - Lease and Rent Arrangements (Pages 263 - 267)**

13. **Expansion of Abbey Children's Centre Nursery Service and Procurement of John Perry Children's Centre Nursery Service (Pages 269 - 278)**

14. **Planning Guidance Note - Land at Former Thames View Health Centre, Bastable Avenue, Barking (Pages 279 - 287)**

15. **Pay Policy Statement 2016/17 (Pages 289 - 299)**

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

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

Private Business

The public and press have a legal right to attend Council meetings such as the Cabinet, 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 paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). ***There are no such items at the time of preparing this agenda.***

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

Our Vision for Barking and Dagenham

One borough; one community; London's growth opportunity

Encouraging civic pride

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

Enabling social responsibility

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

Growing the borough

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

MINUTES OF CABINET

Tuesday, 19 January 2016
(7:00 - 8:01 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Laila Butt, Cllr Evelyn Carpenter, Cllr Lynda Rice, Cllr Bill Turner and Cllr Maureen Worby

Apologies: Cllr Cameron Geddes

79. Declaration of Members' Interests

There were no declarations of interest.

80. Minutes (15 December 2015)

The minutes of the meeting held on 15 December 2015 were confirmed as correct.

81. Budget Monitoring 2015/16 - April to November (Month 8)

The Cabinet Member for Finance and Central Services introduced the report on the Council's capital and revenue position for the 2015/16 financial year, as at 30 November 2015.

The General Fund showed a projected end of year spend of £157.5m against the approved budget of £151.4m, which represented an increased overspend of £0.3m on the reported position at 31 October. The Cabinet Member commented on the reasons for the increased overspend position, a number of budget surpluses which were helping to mitigate the pressures and the improved forecast in respect of the General Fund reserve.

With regard to the Housing Revenue Account (HRA), the Cabinet Member referred to issues that were impacting on income and expenditure budgets and advised that rent collection rates were improving towards the target of 99.24%. It was also noted that expenditure on the Capital Programme was forecast to exceed the reprofiled budget of £131.5m by approximately £3.5m due, in the main, to the acceleration of the Riverside Secondary Free School project.

Cabinet **resolved** to:

(i) Note the projected outturn position for 2015/16 of the Council's General Fund revenue budget at 30 November 2015, as detailed in paragraphs 2.1, 2.4 to 2.10 and Appendix A of the report;

(ii) Note the progress against the agreed 2015/16 savings at 30 November 2015, as detailed in paragraph 2.11 and Appendix B of the report;

(iii) Note the overall position for the HRA at 30 November 2015, as detailed in paragraph 2.12 and Appendix C of the report; and

(iv) Note the projected outturn position for 2015/16 of the Council's capital budget as at 30 November 2015, as detailed in paragraph 2.13 and Appendix D of the report.

82. Budget Strategy Report 2016/17 to 2019/20

Further to Minute 24 (21 July 2015), the Cabinet Member for Finance and Central Services presented a report on the Council's projected financial position for 2016/17 and beyond, in light of the Local Government Finance Settlement (LGFS) announced by the Chancellor on 17 December 2015 and other issues which had impacted on the Council's Medium Term Financial Strategy (MTFS).

The LGFS was slightly better than expected but still presented the Council with a circa £63m budget gap by 2020/21 based on current projections. The position for the 2016/17 financial year had also improved and it was now anticipated that there would not need to be a call on reserves in order to set a balanced budget.

The Cabinet Member referred to a number of the budget pressures that had arisen during 2015/16 which had impacted on the MTFS since the meeting of 21 July 2015, which included:

- Review of Savings Proposals – The delay to the creation of a Leisure Trust had created a pressure of £1m in 2016/17, while the suspension of saving proposal ACS/SAV/12a in relation to commissioned advice and welfare rights advice services to residents would leave a further shortfall of £0.28m from 2016/17. In respect of the latter, the Cabinet Member for Adult Social Care and Health confirmed that the full funding to enable the service to continue during 2015/16 and 2016/17 had been identified, with the position for 2017/18 and beyond to be considered as part of the Ambition 2020 programme.
- London Living Wage – It was noted that full details of the proposal to apply the London Living Wage with effect from 1 January 2016 would be presented to the next meeting of the Cabinet.
- ELWA Levy – An increase of £0.626m for 2016/17, which was £0.45m above the projected increase. Members commented on the year-on year increases to the ELWA levy and the constraints of ELWA's 25-year waste disposal contract, which the Leader advised was also a matter of discussion amongst the Leaders of the four ELWA boroughs. The Chief Executive advised that the issue was being considered under the Ambition 2020 programme but he stressed that the relative low level of recycling by Barking and Dagenham residents was also a significant factor and a change of behaviour was required if the Council's waste disposal costs were to reduce in the future.

The Cabinet Member for Finance and Central Services outlined some of the key issues arising from the LGFS that affected the MTFS position, which included the change in methodology for distributing Revenue Support Grant, the level of New Homes Bonus for 2016/17 to 2018/19 and the potential top-slicing to support the London Enterprise Panel, changes to Care Act funding and arrangements regarding Better Care Fund grant monies.

The MTFS also included provision for the Government's social care precept on Council Tax bills of 2% from 2016/17, which would be on top of the Council's planned 1.99% Council tax increase for 2016/17. The Cabinet Member for Adult

Social Care and Health commented that the introduction of the social care precept represented an abdication by the Government of its responsibilities to properly fund essential care services for the elderly and vulnerable. She added that as well as setting a very dangerous precedent, the Government's policy was discriminatory as the social care precept would be of greater benefit for those Tory-led Councils that had large Council Tax bases as opposed to boroughs like Barking and Dagenham that had higher levels of need but a lower Council Tax base. To exemplify the disparity, the Cabinet Member explained that the 2% precept equated to only £890,000 additional revenue, which was the equivalent of just 30 new placements.

Members also commented on the significant implications for working families as a consequence of the Government's intended £40,000 cap on household income for those living in social housing and the need for the Government to re-think its Tax Credits scheme as well as its plans for the Universal Credit scheme, as evidence now suggested that the arrangements would not succeed in encouraging people back into work.

Cabinet **resolved** to:

(i) Note that the Council had a projected balanced budget in respect of 2016/17;

(ii) Note the additions and amendments to the Medium Term Financial Strategy, as set out in sections 2, 3, 4 and 5 of the report;

(iii) Note that the Council's budget strategy incorporated the 2% Council Tax charge in respect of the social care precept, as set out in paragraph 5.4 of the report;

(iv) Note that the social care precept of 2% would be charged in addition to a 1.99% increase on Council Tax proposed for 2016/17;

(v) Note that the Government had yet to announce whether the London Enterprise Panel (LEP) top slice would be applicable for 2016/17, which could reduce the Council's overall funding by c£1m as set out in paragraphs 6.6 to 6.8 of the report, and that should a LEP top slice be applicable, Members would be requested to approve a drawdown equivalent to the level of the top slice from reserves to enable the Council to set a balanced budget for 2016/17;

(vi) Agree to fund £2m from reserves to mobilise the Ambition 2020 programme from April 2016 onwards, as set out in section 9 of the report; and

(vii) Agree to the Council's capital bids for 2016/17 to 2019/20, as set out in section 10 and Appendix 2 to the report.

83. Housing Revenue Account Estimates and Review of Rents and Other Charges 2016/17

The Cabinet Member for Housing presented a report on the Housing Revenue Account (HRA) estimates, rents and other related charges for 2016/17.

The Cabinet Member advised that the main issue affecting the HRA was the Government's decision last summer to impose a 1% per annum reduction on tenants' rents for the five-year period commencing 1 April 2016. The change would reduce HRA income by £3m in 2016/17 and by a total of £33.6m over the full five-year period, significantly impacting on the Council's ambitious plans for the regeneration of estates and the refurbishment of its housing stock to Decent Homes standards. An additional consequence of the new arrangements imposed by the Government was the forced abandonment of the Council's five-year rent convergence policy agreed by Cabinet on 16 February 2015 (Minute 94 (iii)).

The Cabinet Member also referred to the potential implications of the Government's plan to impose the £40,000 per annum earnings cap for those living in social housing, which had been alluded to earlier in the meeting. From April 2017 those exceeding the earnings cap would be required to pay market rent which for those living in a Council property in Barking and Dagenham could mean a doubling of their monthly rent. Members questioned the Government's motives for the change and suggested that it would lead to many individuals choosing to leave employment in order to fall back under the threshold or for parents to ask their working-age children to leave the family home.

In response to the imposed 1% reduction on rent levels, the charges for other services had been reviewed with the aim of achieving full-cost recovery and, as a result, increases were proposed to several aspects including tenant service charges and refurbished garage rents. It was also proposed to extend the Safer Neighbourhood project, ran in partnership with the Police, across the Borough and to apply the 50p per week charge to all tenants and leaseholders. The Cabinet Member commented that the increases would enable the Council to continue to improve the range, quality and choice of homes as well as the quality of information and services to all tenants and leaseholders. It was also noted that a full business plan review would be conducted during 2016/17 to inform the position for 2017/18.

Members spoke in support of the Cabinet Member for Housing's proposals and particularly welcomed the expansion of the Safer Neighbourhood project, which had achieved excellent results and was much valued by housing estate residents, and the review of amenity green provision and charges which was to be undertaken during 2016/17. The Cabinet Member for Children's Services and Social Care suggested that the amenity green review should focus on the benefits that green spaces bring to local areas, with less emphasis on the parking pressures that could be eased through their conversion.

Cabinet **resolved** to:

(i) Agree the Housing Revenue Account estimates for 2016/17 as detailed in Appendix 6 to the report;

(ii) Agree an overall average Council dwelling rent reduction of 1.0%, equivalent to £0.96 per week, to apply to all Council stock including affordable rent properties;

(iii) Agree to increase tenant service charges by an average of £2.84 per week;

(iv) Agree that service charges be reviewed in respect of properties benefiting from amenity green space;

(v) Agree to maintain communal heating and hot water charges at the current rate (in line with static energy prices) and to the introduction of a new tariff, based on actual costs incurred, during the course of 2016/17;

(vi) Agree to increase garage rents by £3 per week (from £12 to £15 per week) for garages that had been refurbished to an appropriate standard and to apply the new charge following refurbishment works throughout the year;

(vii) Agree that estate located parking spaces / bays be reviewed as part of the Council's parking review;

(viii) Agree to extend the Safer Neighbourhood charge (50p per week) to all Council tenants that benefit from the service; and

(ix) Agree that the above changes take effect from 4 April 2016.

84. Calculation and Setting of the Council Tax Base for 2016/17

The Cabinet Member for Finance and Central Services introduced the annual Council Tax Base setting report for the 2016/17 financial year.

It was noted that the number of Band D equivalent properties had increased by 3,119.93 compared to 2015/16, which would generate an additional £3.234m income. Members discussed the importance of factoring in Council Tax revenue considerations as part of development plans for vacant sites, as well as the inappropriate use of the original valuation bandings from April 1991 for the purposes of Council Tax classification. The Cabinet Member also clarified that the base for 2016/17 was 45,744.57 as stated in the body of the report and Appendix 1, and not the figure of 45,981.86 referred to in error in the published report's recommendation.

Cabinet **resolved** to agree that, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Barking and Dagenham Council as its Tax Base for the year 2016/17 shall be 45,744.57 Band 'D' properties.

85. Procurement of Mechanised Street Sweeping Equipment

The Cabinet Member for Environment introduced a report on the proposed procurement of new street sweeping equipment as part of the major redesign of street cleansing operations agreed by the Cabinet on 16 December 2014 (Minute 71 (ii)).

The Cabinet Member confirmed that the new equipment would replace existing equipment that had reached the end of its operational life and that the new procurement was expected to offer much better value for money as well as an extended mechanised service.

Cabinet **resolved** to:

(i) Agree that the Council proceeds with the procurement of a contract for the supply of ten street sweeping vehicles, to be delivered through an EU compliant framework contract in accordance with the strategy set out in the report; and

(ii) Delegate authority to the Strategic Director of Customer, Commercial and Service Delivery, in consultation with the Cabinet Member for Environment, the Strategic Director of Finance and Investment and the Director of Law and Governance, to award the contract to the successful bidder.

86. Oracle R12 - Proposal to Extend Contract for Hosting and Support

The Cabinet Member for Finance and Central Services introduced proposals relating to the extension of the existing contractual arrangements with Capgemini for the hosting and 'Level 3' support for the Oracle R12 enterprise resource planning (ERP) system.

The Cabinet Member stressed the importance of retaining appropriate hosting and support services while the Council's future needs were fully assessed but he acknowledged that while the proposed extension represented the best outcome in the circumstances, it did not represent a particularly good deal from a purely financial perspective.

Cabinet **resolved** to:

(i) Approve the extension of the contract for hosting and support for the One Oracle system, at a total cost to the Council of £1,027,935, to Capgemini on a two-year basis from 19 July 2016; and

(ii) Delegate authority to the Strategic Director of Customer, Commercial and Service Delivery, in consultation with the Cabinet Member for Finance and Central Services, the Strategic Director of Finance and Investment and the Director of Law and Governance, to enter into the contract extension with Capgemini.

87. Other Business

The Leader placed on record the Council's appreciation of the efforts of all concerned in helping the Borough's schools to continue to climb the exam league tables.

The Leader also made special mention of Eastbury Community School which had recently been recognised as the "kindest school in the United Kingdom" in a contest organised by the publisher Penguin Random House Children's UK with support from the Anti-Bullying Alliance.

CABINET

15 February 2016

Title: Budget Monitoring 2015/16 - April to December (Month 9)	
Report of the Cabinet Member for Finance and Central Services	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** No
Report Author: Kathy Freeman Divisional Director, Finance	**Contact Details:** Tel: 020 8227 3497 E-mail: kathy.freeman@lbbd.gov.uk
Accountable Director: Jonathan Bunt, Strategic Director of Finance and Investment	

Summary

This report provides Cabinet with an update of the Council's revenue and capital position for the nine months to the end of December 2015, projected to the year end.

There is a projected overspend of £5.7m on the 2015/16 budget, a decrease of £0.4m from last month. The main elements of the current projection are overspends in Children's Services of £6.5m (including £1m of programme costs), overspends in Housing and Environmental services of £0.5m partially offset by underspends of £1.2m in Central Expenses and £0.1m in Chief Executive's. There are pressures in a number of other service areas but all are currently forecast to be managed.

The total service expenditure for the full year is currently projected to be £157.1m against the budget of £151.4m. The projected year end overspend will significantly reduce the General Fund balance to c£20m at year end though that is still above the minimum target balance set by the Strategic Director of Finance and Investment.

The Housing Revenue Account (HRA) is projected to break-even, leaving the HRA reserve at £8.7m. The HRA is a ring-fenced account and cannot make or receive contributions to/from the General Fund.

The Capital Programme budget stands at £134.7m, inclusive of the European Investment Bank (EIB) funded general fund housing schemes. Forecast outturn is £141.6m, £6.9m over budget, mostly within Children's Services, which has incurred accelerated spend on projects. Funding allocations will be adjusted between years accordingly.

Recommendation(s)

The Cabinet is recommended to:

(i) Note the projected outturn position for 2015/16 of the Council's General Fund revenue budget at 31 December 2015, as detailed in paragraphs 2.1, 2.4 to 2.10 and Appendix A of the report;

(ii) Note the progress against the agreed 2015/16 savings at 31 December 2015, as detailed in paragraph 2.11 and Appendix B of the report;

(iii) Note the overall position for the HRA at 31 December 2015, as detailed in paragraph 2.12 and Appendix C of the report;

(iv) Note the projected outturn position for 2015/16 of the Council's capital budget as at 31 December 2015, as detailed in paragraph 2.13 and Appendix D of the report.

Reason(s)
As a matter of good financial practice, the Cabinet should be regularly updated with the position on spend against the Council's budget. In particular, this report alerts Members to particular efforts to reduce in-year expenditure in order to manage the financial position effectively.

1 Introduction and Background

1.1 This report provides a summary of the Council's General Fund and HRA revenue and capital positions. It also provides an update on progress made to date in the delivery of the agreed savings targets built into the 2015/16 budget, setting out risks to anticipated savings and action plans to mitigate these risks.

1.2 It is important that the Council regularly monitors its revenue and capital budgets to ensure good financial management. This is achieved within the Council by monitoring the financial results on a monthly basis through briefings to the Cabinet Member for Finance and Central Services and reports to Cabinet. This ensures Members are regularly updated on the Council's overall financial position and enables the Cabinet to make relevant financial and operational decisions to meet its budgets.

1.3 The Budget report to Assembly in February 2015 provided for a target of £15.0m for the General Fund balance and the revenue outturn for 2014/15 led to a General Fund balance of £26.0m. The table below shows the available reserves at the authority's disposal to cover the cost of implementing savings proposals, the Growth Commission and the Ambition 2020 programme. The remaining GF reserve balance is now forecast to be above the target figure at £20.879m:

Projected Level of Reserves	**£000**	**£000**
Current GF balance		26,024
Other available reserves		7,127
Total available reserves		**33,151**
Calls on reserves:		
Implementation of savings proposals	(4,481)	
Growth Commission and Ambition 2020	(2,100)	
Projected overspend	(5,691)	
		(12,272)
Projected remaining reserves		**20,879**

1.4 The additional level of reserves above the minimum level provides the Council with some flexibility in its future financial planning but, to take advantage of that, it is essential that services are delivered within the approved budget for the year. Overspends within directorate budgets will erode the available reserves and therefore limit the options that reserves could present in the medium term as the Council makes decisions on savings and service provision.

2 Current Overall Position

2.1 The following tables summarise the spend position and the forecast position of the General Fund and Housing Revenue Account (HRA) balances.

Council Summary 2015/16	Net Budget £000	Full year forecast at end December 2015 £000	Over/(under) spend Forecast £000
Directorate Expenditure			
Adult and Community Services	51,033	51,033	**0**
Children's Services	62,750	69,301	**6,551**
Housing (GF)	1,512	1,702	**190**
Environment	18,522	18,822	**300**
Chief Executive	17,876	17,726	**(150)**
Central Expenses	(249)	(1,449)	**(1,200)**
Total Service Expenditure	**151,444**	**157,285**	**5,691**

	Balance at 1 April 2015 £000	Forecast Balance at 31 March 2017 £000
General Fund	26,024	20,879*
Housing Revenue Account	8,736	8,736

*Includes the use of GF balances to implement savings proposals – see paragraph1.3

2.2 Strategic Director of Finance and Investment's comments

2.2.1 The current Directorate revenue projections indicate an overspend of £5.7m for the financial year, primarily due to the overspend in the Complex Needs and Social Care division of Children's Services along with the associated costs of the programme to address the budget challenge.

2.2.2 October's Cabinet was asked to note the cost of setting up of a temporary project team, estimated at £1m, to prepare and support the delivery of an Outline Business Case aimed at managing service demand and expenditure to enable a balanced budget over the next two years. That project has enabled the monitoring of the programme at a much greater level of detail than has previously been possible. This has, in turn, enabled the programme to respond to changing pressures or individual workstreams which have been more challenging to deliver. As a result, there is greater confidence in achieving such an ambitious level of change over the next year.

2.2.3 It is very unlikely that the pressure created by the Children's Services position can be brought back to the overall budget by the end of the financial year, though work continues to significantly reduce the overall overspend to avoid a large call on reserves. In the first instance, all Chief Officers have been instructed to contain any other pressures that have been identified within services and as detailed within the later paragraphs of this report. Furthermore, December's Cabinet meeting instructed all Chief Officers to implement any agreed 2016/17 savings during the current financial year to assist in reducing the overspend. Recent experience is of the financial position improving as the financial year progresses though there is no guarantee that this will always be the case.

2.2.4 Pressures have also emerged in the last couple of months in Environment and Housing and it is essential that those overspends are addressed in the remaining months of 2015/16 and that a balanced position is carried in to the new financial year.

2.2.5 Whilst the current forecast overspend would result in a reduction in the Council's General Fund balance, the balance will still remain above the budgeted target of £15.0m. The Strategic Director of Finance & Investment, as the Council's statutory Chief Finance Officer, has a responsibility under statute to ensure that the Council maintains appropriate balances and, following the settlement and the review of the use of reserves for the delivery of savings this year and next year, the projected 2016/17 year end balance would remain substantially above the target figure.

2.2.6 Looking forward, the revised MTFS approved in January includes additional funding for Children's Services, Adults Social Care and other demographic / service pressures which, along with the programme for Children's Services outlined above, would be expected to move towards a robust and deliverable budget in 2016/17. It will not, however, deliver an underspend equal to the forecast overspend this year to replenish reserves to the level as at April 2015.

2.3 Directorate Performance Summaries

2.3.1 The key areas of risk which might lead to a potential overspend are outlined in the paragraphs below. As this report reflects the position as at 31 December projected to the end of the financial year, it remains presented in the directorate structure of previous reports as the new senior management structure takes effect. The reporting format will be amended to reflect the new senior management structure in the next financial year (2016/17).

2.4 Adult and Community Services

Directorate Summary	2014/15 Outturn £000	2015/16 Budget £000	2015/16 Forecast £000
Net Expenditure	54,025	**51,033**	**51,033**
Projected over/(under)spend			**0**

2.4.1 The Adult and Community Services Department is forecast to breakeven by year end. The department continues to actively work towards mitigating pressures of £2.6m. The table below summarises the headline pressures to be mitigated:

Main Pressures	£000
Purchase of Adult Social Care	1,567
Pressures against 2015-16 savings targets (see savings tracker appendix for details)	381
Abbey Leisure Centre income pressures	421
Mental Health residential placement costs	267
Total Pressures	**2,636**

2.4.2 Appendix A provides a summary by division of service and the following paragraphs explain these variances. The Adult Social Care division reflects an overall forecast pressure of £1.759m, an improvement of £0.122m from last month's forecast of £1.881m mainly due to additional income from property charges identified. The main pressure remains against the purchase of adult social care across all client groups (except mental health) which reflect a pressure of £1.567m. This pressure also includes a number of transition cases from Children's services and the outcome of re-assessments under the Care Act. The remaining pressure of £0.192m is a combination of the undelivered Maples savings target of £0.091m and staffing pressures within the division. Forecasts continue to be monitored as activity levels fluctuate.

2.4.3 Commissioning and Partnership's is forecasting a net underspend of £0.149m, a £0.293m reduction from last month's position of £0.144m. This is mainly due to mitigating actions to utilise grant funds, underspends arising from in year staff vacancies and additional ad hoc recharges generated by the Security team. This has mitigated the Better Care Fund (BCF) performance penalty of £0.182m.

2.4.4 Mental Health is forecasting a pressure of £0.267m due to the number of residential placements. NELFT colleagues continue to work towards improving the admission and discharge process. It should be noted an increase in net placements over the remainder of the year would increase pressure on this budget.

2.4.5 Culture and Sport is forecasting a net pressure of £0.433m mainly due to income pressures within Abbey Leisure Centre. The delayed opening of the Abbey Leisure Centre has resulted in a reduction in income projections of £0.671m and this pressure will be partially mitigated by an estimated £0.250m compensation expected from the contractors who worked on the Leisure Centre project. There is also a net pressure of £0.012m as a result of delays to the transfer of the management of the Broadway Theatre to the Barking & Dagenham College, offset by underspends within the Libraries and Heritage services.

2.4.6 The Council's Public Health grant allocation for 2015/16 is £16.725m which includes £2.512m part year transfer of the 0-5 children's public health commissioning to the Local Authority. At the end of the last financial year there was a £0.978m underspend which as a ring-fenced grant has been carried-forward into the current financial year. The grant is also subject to a 6.2% funding cut equating to c£1m. Spending plans have been reviewed in response to this. It should be noted that these reductions will impact on services across the council.

2.4.7 A challenging savings target of £4.145m is built into the 2015/16 budget. These are largely in the process of being delivered or already implemented. Current forecasts indicate under delivery of £0.381m (see savings tracker for further details). The Department is actively managing the gap. It should be noted however that the budget pressure arising from the review of future leisure provision will be managed corporately.

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2.5 Children's Services

Directorate Summary	2014/15 Outturn £000	2015/16 Budget £000	2015/16 Forecast £000
Net Expenditure	67,359	**62,750**	**68,268**
Projected over/(under)spend			**5,518**
Programme costs			**1,033**

2.5.1 The service is forecasting an overspend of £5.518m against a budget of £62.75m. The position includes the full delivery of the departments £2.065m 2015/16 saving target and reduction in the overspend through the Social Care Ambition and Financial Efficiency programme (SAFE). Corporate funding of £1.7m and partnership funding of £0.474m has been allocated to support the position in 2015/16. Despite an overall positive movement of £0.035m on the position reported last month, there remains ongoing risk to achieving this position. In addition to this, delivery of the SAFE programme is expected to cost £1.033m in year.

2.5.2 The Education Service is forecast to underspend by £0.300m - an improvement of £0.053m on the November position of £0.247m. This is primarily due to underspends within the Early Years and Childcare Service and Integrated Youth Services as a result of the early delivery of 2016/17 savings, together with an underspend within the School Improvement Service as a result of posts being held vacant. The position is partially offset by pressures within Adult Education following reductions in Government funding and the funding of redundancy costs.

2.5.3 The Commissioning and Safeguarding Service is forecasting a breakeven position which remains the same as the position reported in November. The service is managing pressure of £0.316m within the Child Protection and Reviewing Service caused by difficulty in recruiting permanent staff and the need to use agency staff. This has been achieved by increases in traded income received and increased efficiencies realised through smarter commissioning. However, given the ongoing growth in demand it is unlikely that this would result in an ongoing saving without a change in policy.

2.5.4 Significant demand pressures within the Complex Needs and Social Care (CNSC) division have continued from 2014/15 into the current financial year. In October 2015, Cabinet approved an Outline Business Case aimed at managing service demand and expenditure in order to deliver a balanced budget by the end of 2016/17. Implementation of the approved business case is underway with progress being made towards the target reductions in 2015/16 and beyond.

2.5.5 The SAFE programme aims to deliver on budget in 2016/17. Projects are well underway and savings have been achieved in a number of areas including reductions in agency staff, NRPF clients and SEN Transport costs. The £11m overspend reported in July has been reduced significantly and aims to be closed completely over two years.

2.5.6 Current projections indicate an overspend of £5.818m at the year end which is an increase of £0.018m on the November forecast. This is primarily due to additional pressure on placements. The Council has a statutory duty with regard to vulnerable children and delays in moving young adults out of supported living due to the demand on available housing has resulted in additional pressure.

2.5.7 The table below shows the original forecast overspend together with progress made to date and planned further reductions. The reduction delivered year to date is £4.222m inclusive of the £2.100m corporate funding. This will bring the service to a forecast outturn position of £5.818m at the end of the year.

	Original Forecast Overspend £000	**Reduction Delivered £000**	**Current Position £000**	**Planned Further Reductions £000**	**Outturn Forecast £000**
Complex Needs					
Agency /Staffing/ASYE	3,365	(1,357)	2,008	(300)	**1,708**
Placements	3,919	(236)	3,683	(351)	**3,332**
Transport	543	(343)	200	0	**200**
Legal	500	0	500	(100)	**400**
NRPF	1,600	(50)	1,550	(200)	**1,350**
UASC	1,128	(136)	992	(64)	**928**
Funding Adjustments	0	(2,100)	(2,100)	0	**(2,100)**
Total Complex Needs	**11,055**	**(4,222)**	**6,833**	**(1,015)**	**5,818**

2.5.8 The work streams underway are described below.

Reductions in Staffing Costs
The year end overspend in this area is projected to reduce by £0.272m from the position reported in November to £1.708m. The improved forecast reflects reductions as a result of the service continuing to freeze a number of vacant posts and reduce agency staff spend. Posts are being held vacant in preparation of future staff realignments.

Placements Pressure
The year end forecast reflects an overspend of £3.332m, an increase of £0.300m from the position reported in November. The previous forecast anticipated a reduction in placement costs by year end but the latest forecast shows that whilst numbers have stabilised the costs reductions are slower than expected. A key work strand of the SAFE programme is to undertake a review of all placements to ensure that children's needs can be provided in the most cost efficient way. This process is now underway and is expected to deliver significant cost reductions in 2016/17.

Transport
A review of SEN Transport has been carried out which considers transport routes, travel training and revised eligibility criteria including consultation. This has identified savings for 2015/16 with a full year effect in 2016/17.

Legal Costs
Children's Services are working closely with legal to identify the most cost effective way to meet the Council requirements of the service. Legal are recruiting in-house support which will reduce the cost of expensive counsel in 2016/17. Children's Services also continually review their processes to ensure counsel is only used where absolutely necessary. These combined efforts are expected to reduce costs in 2015/16 by £100k with a larger reduction expected in 2016/17.

NRPF
The NRPF service now utilise a fraud officer and a Home Office officer to identify fraudulent claims and speed up Home Office decisions. The fraud officer helps the initial application process and the Home Office officer accelerates "right to remain" decisions from the Home Office. This allows families to be moved out of NRPF more rapidly following resolution with the Home Office.

UASC
The review of accommodation used for UASC clients has resulted in benefits realised through reduced costs in 2015/16 - the year end position remains unchanged and further reductions will be delivered.

2.6 **Dedicated School Grant (DSG)**

2.6.1 The DSG is a ring fenced grant to support the education of school-age pupils within the borough. The 2015/16 DSG allocation is £231.1m, covering Individual Schools Budgets, High Needs and Early Years services.

2.7 **Housing General Fund**

Directorate Summary	2014/15 Outturn £000	2015/16 Budget £000	2015/16 Forecast £000
Net Expenditure	3,417	**1,512**	**1,702**
Projected over/(under)spend			**190**

2.7.1 The service is forecasting to overspend by £0.19m by year end, largely due to the increased cost of bed and breakfast placements.

2.7.2 Earlier in the year, when the numbers in B&B accommodation were averaging around 50 the resulting under spend was used to fund additional rental payments to Private Sector Lease providers in order to ensure a continuous supply of properties, on site security and reception improvement works at several of the Council's homeless hostels. Now that the B&B numbers have increased to nearer the budgeted level, these costs can no longer be contained, hence the projected overspend. Every effort will, however, be made to contain costs up to year end so that a near break even position can be achieved.

2.7.3 The number of Bed and Breakfast placements stood at 84 at the end of December which is above the budgeted average of 68. The numbers have continued to rise and, at the end of the first week in January, numbers had increased to 94.,. Negotiations are ongoing with our procured providers for the use of private sector units and lease arrangements with Look Ahead Housing Association on Bevan House have been completed where there were 12 voids.

2.7.4 The opening of Butler Court Hostel has been rescheduled to facilitate the provision of additional units. The facility was initially expected to open in October with 69 units, however, it has been established that a further 9 units can be provided and is now expected to open in late January with 78 units. The enhanced refurbishment of the hostel will be funded from corporate budgets and will result in a higher level of ongoing income. These additional units coupled with the expected hand over of Butler Court at the end of January should result in the year end average being 62 in total, which is slightly below the budgeted figure.

2.7.5 The Rent Deposit Scheme was changed in order to incentivise landlords to provide a continued supply of properties and hence reduce the pressure on Bed and Breakfast numbers. This has been suspended pending a review as there will be a shortfall in the income to be generated from the scheme.

2.7.6 Arrears have increased by £334k since the start of the financial year, which is an increase from previous months and is due to a temporary backlog in processing Housing Benefit claims over the Christmas period. The budget available to top up the provision is expected to be sufficient based upon current assumptions.

2.7.7 There are, significant risks in this area if Bed and Breakfast numbers increase in the short term or the reduction forecast for the latter part of the financial year does not materialise. There are also additional risks if the available supply of PSL properties does not meet demand or the amount of bad debt increases substantially above the current provision.

2.8 Environment

Directorate Summary	2014/15 Outturn £000	2015/16 Budget £000	2015/16 Forecast £000
Net Expenditure	19,687	**18,522**	**18,882**
Projected over/(under)spend			**300**

2.8.1 Environmental Services is forecast to overspend at year end by £0.300m. This is an improvement of £0.098m from the position reported last month primarily due to an improved position within Parking. The service will need to manage pressure of £1.628m in order to outturn on budget, however, mitigation of £1.328m has been identified. This is primarily through spend restraint and holding vacancies. The table below summaries the main pressures:

Pressure	**£000**
Staffing	856
Fleet (across departments) and Depot	163
Income	264
2015-16 Savings (see savings tracker appendix for details)	231
Stour Road building	114
Total	**1,628**
Mitigating action	(1,328)
Remaining pressure	**300**

2.8.2 The main movement from last month is within Parking, which is now forecasting to come in on budget. This is an improvement of £0.350m against the reported position last month. The initial risk expected from the De-Regulation Act 2015, which came into effect from April 2015, has been managed down. Projections have improved following the review of enforcement strategies undertaken earlier this year and an improving income profile year to date. The mild winter conditions are a contributing factor and will continue to be as long as they continue.

2.8.3 Staffing pressure continues to be the main risk within the service, primarily within refuse and cleansing. Management are taking action to review establishment costs and funding with a view to managing the in year position and determine the ongoing requirement.

2.8.4 Current projections indicate pressure on income budgets of £0.264m across a number of services including refuse, cemeteries, Barking Market and fleet, primarily due to reduced demand. This represents an improvement of £0.063m on last month's position, although further improvement is required.

2.8.5 The service has a challenging savings target of £1.7m built into the 2015/16 budget. These are largely in the process of being delivered or already implemented. However, current forecasts indicate under delivery of £0.231m. The majority of this relates to the introduction of charges for the green garden waste service which has been postponed until 2016/17. The other savings pressures relate to determining arrangements for marketing within the public realm, the postponement of changes to prestart payments and income generation in cemeteries.

2.8.6 Fleet (across departments) and Depot pressure of £0.163m has been forecast primarily due to risk within depot budgets in respect of utility spend and having to backfill the cost of 2 vehicle breakdowns within Passenger Transport. Stour Road Building pressure has increased by £0.044m as a result of increased operational costs due to the continued opening of 2 and 90 Stour Road. Operational budgets were removed as both sites were expected to close in 2014.

2.9 Chief Executive's Directorate

Directorate Summary	2014/15 Outturn	2015/16 Budget	2015/16 Forecast
	£000	£000	£000
Net Expenditure	18,716	**17,876**	**17,726**
Projected over(under)spend			**(150)**

2.9.1 Chief Executive's Directorate is projecting an underspend of £0.15m this year, though that is dependent on a number of pressures being contained within services. The current position is that these pressures will be mitigated.

2.9.2 There are over £2.5m of savings relating to Elevate services for 2015/16 including large individual savings relating to the transformation of ICT and Customer Services and the automation of other services. These are being monitored through joint programme boards with Elevate and Agilisys with the highest risk being on parts of the automation proposals. Previously reported pressures on housing benefit overpayment recovery have now been substantially mitigated, although a small residual risk remains.

2.9.3 The budget for recovery of court costs is currently being under-achieved. This is due to the court's unwillingness to add further costs to the amounts owed by residents previously in receipt of Council Tax Support. This budget will be closely monitored but any overspend will need to be mitigated by underspends elsewhere in the division.

2.9.4 There are pressures totalling £0.130m within Human Resources through reduced school buybacks of the service. Negotiations are currently in process to recover this business from schools, although it will be difficult to avoid an overspend in this financial year.

2.9.5 Marketing and communications are forecasting to underspend by £0.062m due to staff vacancies, pending a future restructuring.

2.9.6 Legal and Democratic Services have delivered their savings target and are forecast to over-achieve their trading account target by approximately £0.03m, which will be used to offset overspends elsewhere in the division.

2.9.7 The Asset Strategy team are currently carrying out a series of rent reviews which will result in the generation of additional rental income. It is expected that the income generated will be re-invested into the commercial properties portfolio to protect or increase future revenues. Any income not invested will generate an overachievement of the income budget in the Asset Strategy team (currently forecast to be £0.188m) and this will be used to mitigate pressures in other areas of the directorate.

2.10 **Central Expenses**

Directorate Summary	2014/15 Outturn	2015/16 Budget	2015/16 Forecast
	£000	£000	£000
Net Expenditure	2,186	**(249)**	**(1,449)**
Projected over(under)spend			**(1,200)**

2.10.1 This budget covers treasury management costs (interest paid on loans and received on investments), budgets to cover the costs of redundancy and doubtful debts and a small contingency to cover any unforeseen pressures.

2.10.2 In a low interest environment the Treasury team continues to achieve good returns on the Council's cash deposits, without a significant increase in the risk taken. A favourable variance of £0.8m is forecast against budgets for interest paid on loans and received on investments. The latest monitoring position has indicated that further underspends should be available from a VAT refund, reduced contribution to capital financing and procurement savings, giving an overall forecast underspend of £1.2m.

2.11 **In Year Savings Targets – General Fund**

2.11.1 The delivery of the 2015/16 budget is dependent on meeting a savings target of £23.5m. Directorate Management Teams are monitoring their targets and providing a monthly update of progress which is summarised in the table below. Where there are shortfalls, these will be managed within existing budgets and do not affect the monitoring positions shown above.

2.11.2 A detailed breakdown of savings and explanations for variances is provided in Appendix B.

Directorate Summary of Savings Targets	Target £000	Forecast £000	Shortfall £000
Adult and Community Services	4,145	3,764	**381**
Children's Services	2,065	2,065	**-**
Housing (GF)	1,005	1,005	**-**
Chief Executive	14,595	13,673	**922**
Environment	1,710	1,479	**231**
Total	**23,520**	**21,986**	**1,534**

2.12 **Housing Revenue Account (HRA)**

2.12.1 The HRA is currently forecast to breakeven. More detailed monitoring information is given in Appendix C.

Income

2.12.2 Income is expected to be ahead of budget by £1.914m. This is largely due to an increase in the number of HRA Decants being used for temporary accommodation generating £1.2m additional income and increased water charges of £0.6m as notified by the water provider after Council budgets were agreed. There is a net nil impact to the HRA of the increased water charges as these are collected by the Council and passed through to the water company.

2.12.3 The main risk to the income position is collection performance and stock movements. The current profiled performance on rent collection is 73.53% compared to the target of 73.70%. This creates a shortfall in cash collected. Changes in government policy around repeat claims for Discretionary Housing Payments (DHP) have also impacted the allocation of DHP towards housing rents. The position will be monitored closely throughout the year. If the position is not recovered there will be an increased pressure on the bad debt provision.

2.12.4 Stock movements are monitored as level of Right to Buy sales and void levels impact the rental income position. There have been 165 Right to Buy sales so far this year and current projections continue to assume 220 sales for the year.

Expenditure

2.12.5 Expenditure is expected to be over budget by £1.914m. This is partly due to the increase in water charges payable to the water company as explained above.

2.12.6 In order to achieve a breakeven position, the Housing Service will need to manage cost pressures within the year. The most significant risk area is Repairs and Maintenance which is reporting a forecast overspend of £1.3m. Pressures include restructure and efficiency savings not delivered in 2014/15, pressures on staffing budgets and pressure on sub-contractor spend due to the high levels of responsive repairs carried out by external contractors. Additional overtime and agency costs have added to this pressure.

2.12.7 The increase in the number of HRA decants being used for temporary accommodation has led to additional unbudgeted void refurbishment spend in the region of £780k. However, this is offset by the additional rental income generated. The resulting net pressure within Repairs and Maintenance after deducting this spend is £578k.

2.12.8 The budgeted level of bad debt provision contribution is not expected to be required in 2015/16 due to delays in the full introduction of government's welfare reform changes.

2.12.9 The budgeted level of interest payable on HRA borrowing assumed borrowing to the borrowing cap. The interest payable budget assumed interest on the full level of available HRA borrowing inclusive of headroom. Additionally, one scheme, Leys Phase 2 assumed borrowing up to £3.2m. As this scheme is now not expected to go ahead in 2015/16, the charges will be deferred until 2016/17. Therefore an underspend of £765k against the interest budget is forecast. The changes in forecast for interest and bad debt provisions means an additional revenue contribution towards capital expenditure of £1.4m is now available. This will be used towards funding the accelerated capital spend, predominately within Estate Renewal.

HRA Balance

2.12.10 It is expected that HRA balances will remain at £8.7m at year end.

2.13 **Capital Programme 2015/16**

2.13.1 The Capital Programme forecast against the budget as at the end of December 2015 is as follows:

	2015/16 Current Budget £000	Actual Spend to Date £000	2015/16 Forecast £000	Variance against Budget £000
Adult & Community Services	2,192	976	2,192	0
Children's Services	27,111	19,163	30,576	3,465
Environmental Services	4,005	2,634	3,824	(181)
Chief Executive Department	10,669	3,820	10,785	115
Housing General Fund – EIB	9,222	9,571	10,752	1,530
Subtotal – GF	**53,199**	**36,163**	**58,128**	**4,930**
HRA	81,493	61,628	83,429	1,936
Total	**134,691**	**97,791**	**141,557**	**6,866**

2.13.2 The 2015/16 capital programme stands at a revised budget of £134.7m, and Directorates are currently forecasting to exceed this by £6.9m. This variance is largest within Children's Services, which has incurred accelerated spend on projects, and funding allocations between years will be adjusted accordingly.

2.13.3 **New Capital Schemes**

Added to the capital programme this month is a new scheme for the purchase of the leasehold interest in the site bordered by Clockhouse Avenue, Broadway, East Street and Gove Place, as approved by Cabinet in December 2015 (item 74). This is a Regeneration scheme and the budget of £3.180m is included in the Chief Executive's directorate total in the table above.

2.13.4 **Adult & Community Services**

Adult & Community Services has a revised budget of £2.483m and current estimates indicate spend to budget with no funding issues.

2.13.5 **Children's Services**

Children's Services has a revised capital budget of £27.111m, and is forecasting to exceed this by £3.465m. This variance is mostly due to Barking Riverside Secondary Free School (£2.500m). There were initial delays in the project as a result of land issues with Barking Riverside Ltd, which led to the budget being profiled back into later years during the mid-year re-profile. However these issues have now been overcome, and the project is accelerating again, back to its originally planned position. Additionally there is accelerated spend on Marsh Green Primary (£0.400m), Barking Riverside City Farm (£0.160m), and Jo Richardson Expansion (£0.383m). Over and underspends are drawn from or returned to the available funding, and re-profiled between years where necessary, such that the overall programme is completed within the total funding available.

2.13.6 **Environmental Services**

Environmental Services has a revised budget for 2015/16 of £4.005m, and is forecasting an in year underspend of £0.181m, as a result of the following:

- **Street lighting replacement (£0.025m overspend)** – due to increased contractor costs. This will be have to be met from the 2016/17 budget allocation, thus reducing the amount available in 16/17 (this is currently £0.5m, per the Budget Strategy Report);
- **Structural Repairs and Bridge Maintenance (£0.051m underspend)** – due to the requirement for structural testing to be undertaken on Kennedy Road and Salisbury Avenue Rail Bridge. This is currently out for tender and is not expected to be delivered until quarter two of 2016;
- **Fleet Management and Depots (£0.060m underspend)** – due to the delays in the completion of the washbay part of the scheme and a requirement for further exploratory works to be carried out;
- **BMX Track (0.065m underspend)** – this will now be delivered in 2016/17, due to additional costs over and above the available budget. A capital bid for additional funding was agreed in January 2016 in order to fully complete the works;
- **Strategic Parks (£0.030m underspend)** - due to the delays in the Millennium Centre, cafe improvement proposal which will not commence until June 2016.

2.13.7 **Chief Executive**

The Chief Executive Department has an overall budget for 2015/16 of £10.669m; and is currently forecasting to exceed this by £0.115m. This is due to two schemes: the Merry Fiddlers junction improvements (£0.070m), which will be funded by additional S106 money; and the bus stop accessibility improvements (£0.045m), which will be funded from TfL money.

2.13.8 **Housing General Fund (European Investment Bank)**

The Housing General Fund (EIB) schemes have a budget for 2015/16 of £9.2m, and are forecasting exceed this by £1.530m. This is as a result of accelerated spend, and future years budgets will be adjusted and brought forward accordingly.

2.13.9 **Housing Revenue Account (HRA)**

The HRA has a revised capital budget of £81.492m; and is forecasting to overspend by £1.936m overall.

Estate Renewal – This project is now forecast to spend £11.980m in the current year against a revised budget of £9.730m which represents an accelerated spend of £2.250m. This results from a substantial increase in the number of completed leasehold buybacks and advanced progress on demolition works.

New Build Programme - The New Build schemes are currently projected to spend in line with the overall revised budgets with the exception of Leys Phase 2 which is showing slippage of £0.400m. This is as a result of re-scoping the contract specification and retendering, in order to bring the cost of works down to within budget.

Investment in Stock – The revised budget for Investment in Stock is £44.845m, and it is forecasting an overall overspend of £0.086m. This is a net position and includes a number of offsetting over and underspends.

Slippage is forecast in respect of the following schemes:

- Roof replacement (£0.040m);
- Asbestos removal (£0.111m);
- Decent homes south (£0.523m);
- Window replacement (£0.076m);
- External fabrics – blocks (£0.091m);
- Fire safety works (£0.200m).

These variances are due to various reasons including delays around retendering and delays in contractors starting on site. These are more than offset by the following projects with accelerated spends:

- Voids (£0.350m);
- Central heating installation (£0.450m);
- Block and estate modernisation (£0.164m);
- Decent homes (blocks) (£0.151m);
- Energy efficiency (£0.018m).

All variances are drawn from or returned to the overall funds available within the HRA business plan.

The detailed scheme breakdown is shown in Appendix D.

3. Financial Control

3.1 At the end of December, the majority of key reconciliations have been prepared and reviewed. Where they are outstanding, an action plan has been put in place to ensure that they are completed by the end of the financial year.

4 Options Appraisal

4.1 The report provides a summary of the projected financial position at the relevant year end and as such no other option is applicable for appraisal or review.

5 Consultation

5.1 The relevant elements of the report have been circulated to appropriate Divisional Directors for review and comment. Individual Directorate elements have been subject to scrutiny and discussion at their respective Directorate Management Team meetings.

6 Financial Implications

6.1 This report details the financial position of the Council.

7 Legal Issues

7.1 Local authorities are required by law to set a balanced budget for each financial year. During the year there is an ongoing responsibility to monitor spending and ensure the finances continue to be sound. This does mean as a legal requirement there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met.

Background Papers Used in the Preparation of the Report:
Oracle monitoring reports

List of Appendices

- **Appendix A** – General Fund expenditure by Directorate
- **Appendix B** – Savings Targets by Directorate
- **Appendix C** – Housing Revenue Account Expenditure
- **Appendix D** – Capital Programme

GENERAL FUND REVENUE MONITORING STATEMENT
December 2015/16

Directorate	Outturn 2014/15	Revised Budget	Forecast Outturn	Forecast Variance
	£000	£000	£000	£000
Adult & Community Services				
Adult Social Care	31,072	28,900	30,659	1,759
Commissioning & Partnership	10,084	11,354	11,205	(149)
Culture & Sport	6,429	5,343	5,776	433
Mental Health	3,956	3,584	3,851	267
Public Health	785	15,688	15,688	-
Public Health grant	-	(15,688)	(15,688)	-
Management & Central Services	1,699	1,852	(458)	(2,310)
	54,025	**51,033**	**51,033**	**-**
Children's Services				
Education	4,660	4,688	4,388	(300)
Complex Needs and Social Care	42,564	39,205	45,023	5,818
Commissioning and Safeguarding	9,166	9,372	9,372	-
Other Management and Programme Costs	10,969	9,485	9,485	-
SAFE programme expenditure	-	-	1,033	1,033
	67,359	**62,750**	**69,301**	**6,551**
Children's Services - DSG				
Schools	176,960	182,336	182,336	-
Early Years	19,329	16,549	16,549	-
High Needs	28,807	28,087	28,087	-
Non Delegated	737	918	918	-
Growth Fund	2,375	3,250	3,250	-
School Contingencies	-	(22)	(22)	-
DSG/Funding	(228,208)	(231,118)	(231,118)	-
	-	**-**	**-**	**-**
Environmental Services	**19,687**	**18,522**	**18,822**	**300**
Housing General Fund	**3,417**	**1,512**	**1,702**	**190**
Chief Executive Services				
Chief Executive Office	12	(10)	(10)	-
Strategy & Communication	(2)	1,187	1,125	(62)
Legal & Democratic Services	(192)	470	440	(30)
Human Resources	(89)	562	692	130
Corporate Finance & Assets	16,384	14,405	14,217	(188)
Regeneration & Economic Development	2,603	1,262	1,262	-
	18,716	**17,876**	**17,726**	**(150)**
Other				
Central Expenses	(6,579)	(11,523)	(12,723)	(1,200)
Levies	9,809	10,755	10,755	-
Budgeted Reserve Drawdown	(1,044)	-	-	-
Contingency	-	519	519	-
	2,186	**(249)**	**(1,449)**	**(1,200)**
TOTAL	**165,390**	**151,444**	**157,135**	**5,691**

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Appendix B

Directorate Savings Targets: Progress at Period 9 (December 2015)

Adult and Community Services

Ref:	Detail	Current Position (please also state if a project is required to deliver the savings)	Target £000	Forecast £000	Variance £000
ACS/SAV/01	Workforce remodelling	On track to be delivered.	584	584	0
ACS/SAV/02a	Safeguarding adults - quality assurance and protection of property	Achieved	104	104	0
ACS/SAV/02b	Safeguarding adults - Domestic Violence and Hate Crime	Achieved	22	22	0
ACS/SAV/03a	Older People accommodation based services - review of Kallar Lodge	Achieved	100	100	0
ACS/SAV/06a	Personalisation of Learning Disability Day Services and consequential closure of The Maples.	The Maples closed in September 2015. Delays occurred due to the process required to identify solutions with individual service users and their families.	257	166	91
ACS/SAV/06b	Staffing efficiencies at 80 Gascoigne Road.	Achieved	70	70	0
ACS/SAV/07	Withdraw subsidy from Relish café.	Achieved	120	120	0
ACS/SAV/10	Care and support in the home focused on people with doubling up of care staff as a result of high needs	On track to be delivered.	85	85	0
ACS/SAV/12d	Community Interest Company delivering a range of services using creative arts	Achieved	16	16	0
ACS/SAV/12f	The Foyer Supported Living for 18-24 year olds	On track to be delivered.	275	275	0
ACS/SAV/12h	Summerfield House supported living for mothers aged 16-24 and their babies	Achieved	143	143	0
ACS/SAV/12i	Bevan House supported living for vulnerable families	On track to be delivered.	98	98	0
ACS/SAV/13b	Increase in social care income budget.	Expected to be delivered	300	300	0

Appendix B

Ref:	Detail	Current Position (please also state if a project is required to deliver the savings)	Target £000	Forecast £000	Variance £000
ACS/SAV/15a	Integration and Commissioning and Directorate Support teams	Achieved	200	200	0
ACS/SAV/16	Alcohol Services for adults and young people - to fund from Public Health grant	Achieved	495	495	0
ACS/SAV/17	Reduce range of crime and Anti Social Behaviour interventions - Victim Offender Location Time work	Achieved	47	47	0
ACS/SAV/18	Community Safety and IOM work - fund the Anti Social Behaviour Team from a range of funding streams rather than the GF	Achieved	75	75	0
ACS/SAV/19	Youth Offending Service reduction in Out of Court work	Achieved	92	92	0
ACS/SAV/24	School library service to be full cost recovery and Home Library Service to be delivered by volunteers.	On track to be delivered.	56	56	0
ACS/SAV/26	Delete Libraries casual staffing budget and transfer of centrally controlled costs	On track to be delivered.	35	35	0
ACS/SAV/23a	Reduce book fund	Achieved	10	10	0
ACS/SAV/29a	Broadway Theatre - transfer to College	Achieved	200	200	0
ACS/SAV/30	Community Halls - community managed or close	Achieved	52	52	0
ACS/SAV/31	Leisure centres - Management and reception staff	On track to be delivered	47	47	0
ACS/SAV/32	Leisure centres - extraordinary increase in net income	Savings currently not achieved due to income pressures as a result of the delayed	40	0	40

Appendix B

Ref:	Detail	Current Position (please also state if a project is required to deliver the savings)	Target £000	Forecast £000	Variance £000
		opening of the Abbey Sports Centre.			
ACS/SAV/34	Sport & Physical Activity team management cost reduction.	Achieved	152	152	0
ACS/SAV/36	Leisure and cultural services trust proposal	Risk to delivery this financial year as outcome of the review will not take effect in this financial year. Presure to be managed corporately.	250	0	250
ACS/SAV/39	Active Age Centres income	On track to be delivered.	120	120	0
EH001	Food Safety Team Funding - Transfer of funding liability from General Fund to Public Health Grant	Achieved	100	100	0
Total			**4,145**	**3,764**	**381**

Appendix B

Children's Services

Ref:	Detail	Current Position (please also state if a project is required to deliver the savings)	Target £000	Forecast £000	Variance £000
CHS/SAV/23	Significant reduction in improvement support for education	Alternative saving identified via capitalisation of revenue expenditure	100	100	0
CHS/SAV/25b	Childcare and early years - move to DSG	Achieved saving on general fund by utilisation of legitimate expenditure to grant	455	455	0
CHS/SAV/26	Children's Centres, part of policy paper re frontline service delivery (use of libraries, developing hubs approach etc. and use of assets Closure of a number of centres	On target by reducing activities for young children and their parents and seeking alternative funding for the play and communications (language development work)	400	400	0
CHS/SAV/27	Youth Service - reconfigure to voluntary sector provision with £100k budget	On target by reducing the number of youth sessions provided across the borough via youth centres, StreetBase Local community youth clubs and the youth bus	100	100	0
CHS/SAV/28b	Educational psychology - provision using DSG only	On target through implementation of plans to achieve savings and through additional monies available to address the Education Act requirement to provide Education Health and Care (EHC) plans.	440	440	0
CHS/SAV/34	Reduction in CIN (c20 year 1, c120 year 2, c60 year 3) due to impact of Troubles Families agenda	On target with utilisation of the grant funding to reduce CIN numbers through impact of the Troubled Families agenda	50	50	0
CHS/SAV/30	CAMHS - reduce to statutory minimum for year 1 and then delete service	On target but high risk at tier 2 but achievable by reducing Primary Mental Health Workers from 6 to 3 in 15/16	100	100	0
CHS/SAV/31	Limited support to Local Safeguarding Children's Board (LSCB). Reduce Child Death Overview Panel (CDOP)	On target but this is demand and risk driven. Demand on LSCB will be monitored. The CDOP manager is responsible for overseeing all child deaths that take place	15	15	0

		in B&D. The role is statutory and is part funded by the CCG for the rapid response function. Saving is to reduce this support.			
CHS/SAV/37	Reduce GF contribution to Information & Statistics team	On target and achievable by removing general fund contribution to the team	30	30	0
CHS/SAV/25a	Reduction in support to quality Childcare and early years provision	Saving delivered through reduction in saving and training costs.	200	200	0
CHS/SAV/28a	Social care learning and development	Expected to be delivered.	125	125	0
CHS/SAV/29	Access and connect - reduction in rewards available to young people to incentivise healthy behaviours	Saving to be delivered by reducing rewards to young people who use cashless card for catering.	50	50	0
Total			**2,065**	**2,065**	**0**

Appendix B

Environment

Ref	Detail	Current Position (please state if project is required to deliver savings)	Target £000	Forecast £000	Variance £000
ES001	Loss of proactive drainage clearance	Saving has been delivered	80	80	0
ES002	Changes to winter maintenance of highway network	Saving has been delivered	35	35	0
ES007	Increase Parking Charges for all parking locations	New charges implemented. We are monitoring activity to assess purchasing trends and any impact on demand which may affect delivery of saving – hence amber rating.	190	190	0
ES008	Restructure Facilities Management - Building Services Officers - post deletions	Awaiting redundancy sign off	101	101	0
ES009A	Streamlining Building Cleaning	Saving has been delivered	49	49	0
ES009B	Building Cleaning - removal of Living Wage subsidy to school contracts	Saving cannot be delivered until 2016/17. Schools have contracts limiting any price increase in 2015/16. Increased income from ad-hoc activity and new contracts is expected to mitigate the pressure in 2015/16.	96	96	0
ES010B	Prestart payment to drivers	Will not deliver full year saving due to postponed implementation.	53	22	31
ES012	Cease green garden waste collection	Saving based upon fully chargeable service being in place from September 2015. Now postponed until 2016/17.	110	0	110
ES014	Market Management	Transfer is from 25 April 2015. Achieved	281	281	0
ES015	Redesign of street cleansing operations	Service redesign is in place already.	243	243	0
ES016	Income generation in cemeteries	Concessions and extension of burial/memorial offer will not be fully achieved in 2015. Will require a programme to deliver future ambitions for income growth	30	10	20

Appendix B

Ref	Detail	Current Position (please state if project is required to deliver savings)	Target £000	Forecast £000	Variance £000
ES019	Use of Public Health Grant to incentivise Council priorities through sports participation	Grant arrangements agreed for yr 1, but sustaining this will require all clubs/teams to develop significant capacity to deliver to club standard. Requires a programme to also pick up outcomes of playing pitch strategy	65	65	0
ES020	Increases in income expected from future regulatory activity.	Trajectory of enforcement actions is positive and expected to deliver.	125	125	0
ES021	Increase income from staff parking charges	New charges implemented. We are monitoring buying patterns as reduced demand may impact delivery – hence amber rating.	30	30	0
ES022	Marketing in the public realm	Existing strategies for selling advertising space are providing limited income. Review of corporate arrangements is required.	70	0	70
ES025	Domestic bins rental	Achieved. Recharge agreed	17	17	0
ES026	Recycling bins rental – Recharge to HRA	Achieved. Recharge agreed	135	135	0
Total	**Environment**		**1,710**	**1,479**	**231**

Housing General Fund

Ref	Detail	Current Position (please state if project is required to deliver savings)	Target	Forecast	Variance
			£000	**£000**	**£000**
HGF001	Expand Council hostel portfolio to accommodate temporary placements instead of using expensive B&B accommodation.	Saving expected to be delivered. YTD average below budget assumption and the provision of additional hostel units being made available. Additional units to be provided within 50 Wakering Road and Butler Court – although delays would impact this position. It should be noted that unforeseen increases in TA demand may impact ability to delivery saving.	900	900	0
HGF002	Housing Advice & Temporary Accommodation	Charges implemented - saving delivered	74	74	0
HGF003	Housing Strategy	Controls on non mandatory spend in place therefore saving delivered	31	31	0
Total			**1,005**	**1,005**	**0**

Appendix B

Chief Executive's

Ref:	Detail	Current Position (please state if a project is required to deliver the savings)	Target £000	Forecast £000	Variance £000
CEX/SAV/01	Staff reduction Sustainable Communities and Economic Development	Posts currently vacant	99	99	0
CEX/SAV/02	Increase Income in Strategic Transport area	LIP budget for 2015/16 already allocated with increased level of top slice.	63	63	0
CEX/SAV/03	Stop all business support activity e.g. business enterprise centre (move to no cost from 2015-16)	Stakeholders informed with regard to ceasing of funding. Employee to leave at end of March	224	224	0
CEX/SAV/04	Increase income in Development Planning area	Budget increased, current income levels suggest this enhanced target is achievable	85	85	0
CEX/SAV/05	Reduction in planning policy posts and amalgamation of Planning Policy Manager post and Strategic transport post	Savings on target to be delivered.	24	24	0
CEX/SAV/06	Reduction in supplies and services budget	Budgets reduced and savings on target to be delivered.	45	45	0
CEX/SAV/07	Increase in income from Capital Programme	Recharges agreed	20	20	0
CEX/SAV/7b	Reduction of costs in Sustainable Communities area	This would be delivered through recharges to Capital. This is on target to be delivered.	200	200	0
CEX/SAV/08	Increase in income employment and skills	Budget increased to reflect previous years levels of income	100	100	0
CEX/SAV/08a	Recharge to the HRA in respect of supporting Housing Tenants into permanent employment.	Budget increased to reflect previous years levels of income	200	200	0
CEX/SAV/08b	Capital Commissioning & Delivery	Savings on target to be delivered	140	140	0

Appendix B

Ref:	Detail	Current Position (please state if a project is required to deliver the savings)	Target £000	Forecast £000	Variance £000
	Group – To generate an annual surplus of £50k through additional framework contract income and reduce General Fund recharges by £90k.				
CEX/SAV/09	Reduce democratic services structure dependant on moving towards a shared service and reducing the number and frequency of statutory meetings	Savings on target to be delivered but Leader may request that the post is put back into the structure.	47	47	0
CEX/SAV/10	Increase Legal trading income	Savings on target to be delivered	135	135	0
CEX/SAV/11	General Fund reduction in supplies and services budget for legal services	Savings on target to be delivered	75	75	0
CEX/SAV/12a	Member training stopped with exception of the training required for members to serve and operate on the quasi-judicial meetings	Remaining training to be funded from corporate L&D fund, which is already under pressure.	55	55	0
CEX/SAV/12b	Members Pension Contribution	Savings on target to be delivered	100	100	0
CEX/SAV/13	Residents Survey - no postal survey but online	Savings on target to be delivered	15	15	0
CEX/SAV/14	Centralise and top slice marketing and publicity budgets across Council	Consolidated M&C budgets are not sufficient to cover commitments and statutory obligations.	300	300	0
CEX/SAV/14a	Centralisation and top slicing of marketing and publicity budgets across the Council	Consolidated M&C budgets are not sufficient to cover commitments and statutory obligations	100	100	0
CEX/SAV/15	Remodel marketing and communications service - core minimum team and consider shared service with Thurrock	Shared M&C service is no longer possible with Thurrock.	250	250	0
CEX/SAV/15a	Further remodelling of marketing and comms	Shared M&C service is no longer possible with Thurrock	50	50	0
CEX/SAV/17	Develop a Research and Intelligence Hub	Saving requires consultation with Children's services and Public health to	100	100	0

Appendix B

Ref:	Detail	Current Position (please state if a project is required to deliver the savings)	Target £000	Forecast £000	Variance £000
		determine a forecast.			
CEX/SAV/18	Centralise training and development budgets to improve efficiency of use and make saving	Departments are reducing the amount of budgets initially identified as budgets to be centralised. This has reduced the amount of budget available for training and development needs across the Council.	475	475	0
CEX/SAV/21	Reduce health and safety provision, but must meet statutory responsibilities	Increased Income target should be achievable given current rate of HR and OH income generation	100	100	0
CEX/SAV/22	Look to provide employee relations advice in a different way	Savings on target to be delivered.	47	47	0
CEX/SAV/22a	Reduce the size of the HR Business Partner Team	Savings on target to be delivered.	60	60	0
CEX/SAV/23a	Additional savings to be delivered through centralising training and development budgets to improve efficiency of use	Departments are reducing the amount of budgets initially identified as budgets to be centralised. This has reduced the amount of budget available for training and development needs across the Council.	175	175	0
CEX/SAV/23b	Reduction in Business Change team staff	Savings on target to be delivered.	22	22	0
CEX/SAV/24	Remove Invest to Save budget	Savings on target to be delivered.	1,000	1,000	0
CEX/SAV/25	Debt interest payments	No issues as there is expected to be no further borrowing required in 2015/16 based on the current debt interest budget.	250	250	0
CEX/SAV/26	Minimum Revenue Provision (MRP) accounting	On target to be delivered	2,700	2,700	0
CEX/SAV/27	Investment income - rate change	Although the expected rate change has not occurred the Council is positioned to make the agreed savings for 2015/16	500	500	0

Appendix B

Ref:	Detail	Current Position (please state if a project is required to deliver the savings)	Target £000	Forecast £000	Variance £000
CEX/SAV/29	Investment income - increase risk appetite	The investment strategy have been amended to allow the required the Council to achieve this target.	250	250	0
CEX/SAV/30a	Shared accountancy service	Shared service did not proceed, however, a restructure has been implemented to produce the required level of saving. Due to delayed implementation however, the full year effect has not been achieved.. Pressure could be reduced as a result of a number of vacant posts.	500	450	50
CEX/SAV/31	Capital Programme Management Office (CPMO)	Recharge to HRA has been agreed	25	25	0
CEX/SAV/33	Treasury recharge to Pensions	Recharges agreed	20	20	0
CEX/SAV/34	Project Manager/Accountant	Recharge to HRA from Innovation & Funding has been agreed.	30	30	0
CEX/SAV/35	Innovation & Funding consultancy budget	Budget referred to was used to fund costs in respect of the BSF programme which has now ended – savings therefore achieved	150	150	0
CEX/SAV/36	External treasury management	Savings delivered.	75	75	0
CEX/SAV/37	Card transaction costs	This has been implemented. No Issues.	35	35	0
CEX/SAV/38	Introduce credit card charging	Due to the complexity of setting up the charging mechanism for credit cards it is likely that this will only be fully implemented by May 2015. Despite the delay it is expected that the savings target will be achieved.	40	40	0
CEX/SAV/39	Benchmarking clubs	Expected to be delivered	40	40	0
CEX/SAV/40	Corporate sponsorship	Dagenham & Redbridge FC has been informed that this funding will cease.	30	30	0
CEX/SAV/41	Audit fees	Corporate Management saving –	100	100	0

Ref:	Detail	Current Position (please state if a project is required to deliver the savings)	Target £000	Forecast £000	Variance £000
		achieved in 2014/15			
CEX/SAV/42	Energy team	Issues with where this saving will be realised from - potential double counting with Facilities saving	25	0	25
CEX/SAV/43	Compliance team	No issues, savings delivered	55	55	0
CEX/SAV/45	Maritime House	No issues, savings on target to be delivered	115	115	0
CEX/SAV/46	Internal audit days - reduce plan	Audit plan reduced	45	45	0
CEX/SAV/48	Client team restructure	An officer's post will now not be deleted until 30 June 2015. This creates a pressure on this saving which will be mitigated from within the service.	100	100	0
CEX/SAV/49	Registrars Cost/Income	Savings target will not be delivered.	50	25	25
CEX/SAV/50	Taxicard Scheme	No issues savings on target to be delivered.	160	160	0
CEX/SAV/52a	Reduce council tax exemptions	The saving has been included in the Council Tax base for 2015/16. The level of Council Tax income will be monitored throughout the year to ensure it remains on budget.	200	200	0
CEX/SAV/52b	Amend council tax support scheme	The proposal to change the Local Council Tax support scheme, reducing the level of support from 85% to 75% was expected to generate additional Council Tax revenue of £0.7m. At period 4, the forecast for year end collection is estimated to be £0.25m which is significantly under target. This position will be monitored closely to assess the ongoing impact of the support scheme reduction.	700	250	450
CEX/SAV/54	Shared insurance service	Saving still to be determined / agreed	18	18	0

Appendix B

Ref:	Detail	Current Position (please state if a project is required to deliver the savings)	Target £000	Forecast £000	Variance £000
		with Thurrock			
CEX/SAV/54a	Additional recharge to the HRA - Innovation & Funding	Recharge agreed	25	25	0
CEX/SAV/54c	Reduction in Council Tax bad debt provision	The saving has been included in the Council Tax base for 2015/16. The level of Council Tax collection will be monitored throughout the year to ensure it remains on budget.	100	100	0
CEX/SAV/54d	Reduction in Temporary Accommodation bad debt provision	Expected to be delivered based upon current position and delivery of Housing TA savings.	250	250	0
CEX/SAV/54e	Increase duration risk on external investments	The investment strategy have been amended to allow the required the Council to achieve this target.	100	100	0
CEX/SAV/54f	Pay Pension Fund contributions on 1 April instead of monthly	This is on target. No Issues.	60	60	0
CEX/SAV/54g	Increase saving from centralisation of FoI/Complaints	Team restructure now completed	110	110	0
CEX/SAV/55	Elevate Overheads	Removal of overhead contribution to be negotiated as part of wider contract changes. Terms agreed but not formally contracted.	488	488	0
CEX/SAV/56	B&Ddirect - Customer Services Channel Shift	Elevate – Savings to be addressed as part of the overall new contractual deal.	64	64	0
CEX/SAV/58	Withdrawal of the Benefits Direct service at One Stop Shops.	Bens Direct closed at the end of February with resources transferring to the back office.	259	259	0
CEX/SAV/60	Automation of Inbound Email/Post Processing	Elevate – Savings to be addressed as part of the overall new contractual deal.	270	120	150
CEX/SAV/61	Council Tax - invest to collect more	Change notice agreed for additional	369	369	0

Ref:	Detail	Current Position (please state if a project is required to deliver the savings)	Target £000	Forecast £000	Variance £000
		resource along with commensurate change in collection target. Will be monitored monthly.			
CEX/SAV/62	Property Services	Creates a pressure on repairs agenda on commercial portfolio but will be mitigated by increased income and whole business review being carried out by group manager.	138	138	0
CEX/SAV/63a	ICT End User Technologies	Initial service proposal agreed between Agilisys and ICT Client. Design workshops scheduled. Target cost payable to Elevate for the service has been reduced.	135	135	0
CEX/SAV/63b	ICT Service Management fulfilment		41	41	0
CEX/SAV/63c	ICT Infrastructure Applications		254	254	0
CEX/SAV/64	Client Team reduction	No issues savings on target to be delivered.	45	45	0
CEX/SAV/65	Returning services - management fee	No issues savings on target to be delivered.	136	136	0
CEX/SAV/66	Private Finance Initiative Monitoring efficiency	No issues savings on target to be delivered.	50	50	0
CEX/SAV/67	PMO efficiency	Redundancy of client side role agreed and non ICT PMO service returned to the Council but without resource.	90	90	0
CEX/SAV/68	Review of complaints/FoI	Savings unachievable because manager believes this saving was superseded by CEX/SAV/54g	40	0	40
CEX/SAV/69	HR/Payroll	The cost of the staff transferring is £1.33m by our calculations, against a budget available (taking into account savings expectations) of £1.288m. There are no plans in place to deliver	100	100	0

Appendix B

Ref:	Detail	Current Position (please state if a project is required to deliver the savings)	Target £000	Forecast £000	Variance £000
		any savings for the start of the financial year.			
CEX/SAV/70	Revenues Services Restructure	Management restructure of Revenues agreed and implemented by Elevate.	92	92	0
CEX/SAV/77	Business Support review	Saving based on PwC management review – requires action to take forward and deliver saving	60	0	60
CEX/SAV/78	Reduction in middle management	Saving based on PwC management review – requires action to take forward and deliver saving	300	178	122
CEX/SAV/79	Corporate Procurement Saving	Ongoing corporate gainshare from Adecco contract. High agency rates in Children's Services will enable delivery of the saving.	500	500	0
Total			**14,595**	**13,673**	**922**

HOUSING REVENUE ACCOUNT MONITORING STATEMENT

Appendix C

December 2015-16

	Budget	Forecast	Variance
	£'000	£'000	£'000
Dwelling Rents	(90,512)	(91,762)	(1,250)
Non Dwelling Rents	(737)	(737)	0
Other Income	(16,921)	(17,585)	(664)
Interest received	(336)	(336)	0
Total Income	**(108,506)**	**(110,420)**	**(1,914)**
Repairs & Maintenance	17,205	18,563	1,358
Supervision & Management	39,056	39,730	674
Rents, Rates and Other	700	700	0
Revenue Contribution to Capital	37,131	38,566	1,435
Bad Debt Provision	2,670	1,882	(788)
Interest Charges	10,059	9,294	(765)
Corporate & Democratic Core	685	685	0
Pension Contribution	1,000	1,000	0
Total	**108,506**	**110,420**	**1,914**

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2015/16 CAPITAL PROGRAMME - as at the end of December 2015 Appendix D

Project No.	Project Name	Revised Budget 2015/16	Actual Expenditure	2015/16 Forecast	Forecast Variance
Adult & Community Services					
Adult Social Care					
FC00106	Private Sector HouseHolds	818,718	410,520	818,718	0
FC02888	Direct Payment Adaptations Grant	200,000	85,349	200,000	0
Culture & Sport					
FC02855	Mayesbrook Park Athletics Arena	74,899	11,486	74,899	0
FC02870	Barking Leisure Centre 2012-14	888,628	459,941	888,628	0
FC03029	Broadway Theatre	150,000	0	150,000	0
FC03032	Parsloes Park - Artificial Turf Pitches & Master Planning	60,000	8,360	60,000	0
Total for Adult & Community Services		**2,192,245**	**975,656**	**2,192,245**	**0**
					0

2015/16 CAPITAL PROGRAMME - as at the end of December 2015

Appendix D

Project No.	Project Name	Revised Budget 2015/16	Actual Expenditure	2015/16 Forecast	Forecast Variance
Children's Services					0
Primary Schools					0
FC02736	Roding Primary School (Cannington Road Annex)	130,349	560	130,349	0
FC02745	George Carey CofE (formerly Barking Riverside) Primary School	23,826	450	23,826	0
FC02759	Beam Primary Expansion	78,268	91,617	100,268	22,000
FC02784	Manor Longbridge (former UEL Site) Primary School	303,310	0	303,310	0
FC02799	St Joseph's Primary - expansion	16,321	16,321	16,321	0
FC02860	Monteagle Primary (Quadrangle Infill)	35,000	18,571	35,000	0
FC02861	Eastbury Primary (Expansion)	50,000	2,304	50,000	0
FC02865	William Bellamy Primary (Expansion)	199,117	9,026	199,117	0
FC02919	Richard Alibon Expansion	74,278	(355,743)	74,278	0
FC02920	Warren/Furze Expansion	240,000	15,320	240,000	0
FC02921	Manor Infants Jnr Expansion	73,429	55,459	73,429	0
FC02923	Rush Green Expansion	110,000	15,511	110,000	0
FC02924	St Joseph's Primary(Barking) Extn 13-14	15,072	0	15,072	0
FC02956	Marsh Green Primary 13-15	150,000	329,488	550,000	400,000
FC02957	John Perry School Expansion 13-15	40,364	21,736	40,364	0
FC02960	Sydney Russell (Fanshawe) Primary Expansion	1,000,000	663,707	1,000,000	0
FC02979	Gascoigne Primary -Abbey Road Depot	5,500,000	2,951,013	5,500,000	0
FC02998	Marks Gate Junior Sch 2014-15	633,128	508,321	633,128	0
FC03014	Barking Riverside City Farm Phase II	4,054,377	4,153,166	4,214,377	160,000
FC03041	Village Infants - Additional Pupil Places	500,000	50,564	500,000	0

2015/16 CAPITAL PROGRAMME - as at the end of December 2015

Appendix D

Project No.	Project Name	Revised Budget 2015/16	Actual Expenditure	2015/16 Forecast	Forecast Variance
Secondary Schools					
FC02953	All Saints Expansion 13-15	245,351	80,827	245,351	0
FC02954	Jo Richardson expansion	1,692,960	2,048,234	2,076,440	383,480
FC02959	Robert Clack Expansion 13-15	1,000,000	380,775	1,000,000	0
FC02977	Barking Riverside Secondary Free School (Front Funding)	5,500,000	4,123,923	8,000,000	2,500,000
Other Schemes					
FC02826	Conversion of Heathway to Family Resource Centre	19,513	190	19,513	0
FC02906	School Expansion SEN projects	400,000	340,397	400,000	0
FC02909	School Expansion Minor projects	344,464	320,194	344,464	0
FC03043	Pupil Intervention Project (PIP)	125,000	0	125,000	0
FC02972	Implementation of early education for 2 year olds	509,090	480,561	509,090	0
FC02975	Barking Abbey Artificial Football Pitch	67,385	11,970	67,385	0
FC02978	Schools Modernisation Fund 2013-14	227,108	162,060	227,108	0
FC03010	SMF 2014-16	2,477,918	2,337,891	2,477,918	0
FC03013	Universal infant Free School Meals Project	33,687	27,825	33,687	0
9999	Devolved Capital Formula	925,109	293,137	925,109	0
Children Centres					
FC03033	Upgrade of Children Centres	300,000	2,631	300,000	
FC02217	John Perry Children's	9,619	4,496	9,619	0
FC02310	William Bellamy Children Centre	6,458	0	6,458	0
					0
Total for Children's Services		**27,110,501**	**19,162,502**	**30,575,981**	**3,465,480**

2015/16 CAPITAL PROGRAMME - as at the end of December 2015 Appendix D

Project No.	Project Name	Revised Budget 2015/16	Actual Expenditure	2015/16 Forecast	Forecast Variance

0

Environmental Services

0

0

Project No.	Project Name	Revised Budget 2015/16	Actual Expenditure	2015/16 Forecast	Forecast Variance
FC02764	Street Light Replacing	678,215	597,204	703,215	25,000
FC02873	Environmental Improvements and Enhancements	93,481	88,732	93,481	0
FC02964	Road Safety Impv 2013-14 (TFL)	428,280	160,961	428,280	0
FC02886	Parking Strategy Imp	51,770	1,097	51,770	0
FC02542	Backlog Capital Improvements	368,366	220,233	368,366	0
FC02930	Highways Improvement Programme	185,940	223,593	185,940	0
FC02982	Controlled Parking Zones (CPZ's) 2013-15	233,439	72,922	233,439	0
FC02999	Rippleside Cmtry prov 2014-15	11,895	1,974	11,895	0
FC03011	Structural Repairs & Bridge Maintenance	200,956	61,854	150,000	(50,956)
FC03012	Environmental Asset Database Expansion	147,508	139,921	147,508	0
FC03030	Fleet Management & Depots	290,160	1,645	230,160	(60,000)
FC03031	Highways & Environmental Design	1,049,840	984,405	1,049,840	0
PGSS					
FC03026	BMX Track	80,000	7,664	15,000	(65,000)
FC03034	Strategic Parks (Parks Infra £160k and Play facility £20k)	184,807	72,231	154,807	(30,000)
Total for Environment Services		**4,004,657**	**2,634,436**	**3,823,701**	**(180,956)**

0

2015/16 CAPITAL PROGRAMME - as at the end of December 2015

Appendix D

Project No.	Project Name	Revised Budget 2015/16	Actual Expenditure	2015/16 Forecast	Forecast Variance
Chief Executive (CEO)					0
					0
Asset Strategy					
FC02587	Energy Efficiency Programme	15,500	112,553	15,500	0
FC02565	Implement Corporate Accommodation Strategy	1,777,000	860,456	1,777,000	0
ICT					
FC02738	Modernisation and Improvement Capital Fund (formerly One B &	550,535	608,072	550,535	0
FC02877	Oracle R12 Joint Services	373,435	(216,881)	373,435	0
FC03035	ICT Design Transformation	377,955	0	377,955	0
FC03016	Agilisys Connect Website Development	7,980	7,980	7,980	0

2015/16 CAPITAL PROGRAMME - as at the end of December 2015 Appendix D

Project No.	Project Name	Revised Budget 2015/16	Actual Expenditure	2015/16 Forecast	Forecast Variance
Regeneration					
FC03027	Establishment of Council Owned Energy Services Company	125,000	10,050	125,000	0
FC02458	New Dagenham Library & One Stop Shop Church Elm Lane	129,245	112,124	129,245	0
FC02596	LEGI Business Centres	376,978	254,095	376,978	0
FC02969	Creative Industries	11,630	1,044	11,630	0
FC02901	Creekmouth Arts & Heritage Trail	74,360	61,654	74,360	0
FC02902	Short Blue Place (New Market Square Barking - Phase II)	226,000	30,010	226,000	0
FC02891	Merry Fiddlers junction Year 2	170,000	238,443	240,118	70,118
FC02898	Local Transport Plans (TFL)	83,837	62,054	83,837	0
FC02962	Principal Road Resurfacing 2013-14 TfL	529,000	176,370	529,000	0
FC02963	Mayesbrook Neighbourhood Improvements (DIY Streets) 2013-14	304,511	70,360	304,511	0
FC02994	Renwick Road/Choats Road 2014/15	314,877	315,479	314,877	0
FC02995	Ballards Road/ New Road 2014/15	427,231	88,763	427,231	0
FC02996	Barking Town Centre 2014/15 (TfL)	901,374	606,313	901,374	0
FC02997	A12 / Whalebone Lane (TfL)	323,209	251,484	323,209	0
FC03000	MAQF Green Wall (TfL)	53,116	20,638	53,116	0
FC03015	Demolition of the Former	45,648	34,667	45,648	0
FC03023	Bus Stop Accessability Improvements	97,000	103,600	142,000	45,000
FC03025	Gale St Corridor Improvements	47,000	0	47,000	0
FC03028	Chadwell Heath Crossrail Complementary Measures (CCM)	147,000	10,417	147,000	0
	Clockhouse Avenue - Freehold Purchase	3,180,000	0	3,180,000	0
Total for the Chief Executive Department		**10,669,421**	**3,819,745**	**10,784,539**	**115,118**

2015/16 CAPITAL PROGRAMME - as at the end of December 2015 Appendix D

Project No.	Project Name	Revised Budget 2015/16	Actual Expenditure	2015/16 Forecast	Forecast Variance
					0
Housing General Fund Schemes - EIB					
FC02990	Abbey Road Phase II New Build	6,222,000	6,507,423	6,550,000	328,000
FC02986	Gascoigne Estate	3,000,000	3,063,603	4,202,000	1,202,000
Total for Housing General Fund Schems		**9,222,000**	**9,571,026**	**10,752,000**	**1,530,000**
Grand Total General Fund		**53,198,824**	**36,163,365**	**58,128,466**	**4,929,642**
					0

2015/16 CAPITAL PROGRAMME - as at the end of December 2015 Appendix D

Project No.	Project Name	Revised Budget 2015/16	Actual Expenditure	2015/16 Forecast	Forecast Variance
HRA					0
Estate Renewal					
FC02820	Boroughwide Estate Renewal	**9,730,000**	**9,820,954**	**11,980,000**	**2,250,000**
New Builds					
FC02823	New Council Housing Phase 3	0	7,078	0	0
FC02916	Lawns & Wood Lane Development	142,752	27,792	142,752	0
FC02917	Abbey Road CIQ	327,244	9,131	327,244	0
FC02931	Leys New Build Dev (HRA)	10,620,355	6,487,792	10,620,355	0
FC03009	Leys Phase II	500,000	55,015	100,000	(400,000)
FC02961	Goresbrook Village Housing Development 13-15	1,736,464	1,570,728	1,736,464	0
FC02970	Marks Gate Open Gateway Regen Scheme	5,552,454	6,065,972	5,552,454	0
FC02988	Margaret Bondfield New Build	7,738,054	6,080,757	7,738,054	0
FC02989	Ilchester Road New Built	150,000	96,394	150,000	0
FC02991	North Street	150,000	170,628	150,000	0
	Sun-Total: New Builds	**26,917,323**	**20,571,287**	**26,517,323**	**(400,000)**

2015/16 CAPITAL PROGRAMME - as at the end of December 2015 — Appendix D

Project No.	Project Name	Revised Budget 2015/16	Actual Expenditure	2015/16 Forecast	Forecast Variance
Investment in Stock					
FC00100	Aids & Adaptations	940,000	364,243	940,000	0
FC02933	Voids	4,600,000	3,443,583	4,950,000	350,000
FC02934	Roof Replacement Project	120,000	4,516	80,000	(40,000)
FC02938	Fire Safety Works	620,000	582,855	620,000	0
FC02943	Asbestos Removal (Communal Areas only)	1,014,000	250,942	903,000	(111,000)
FC02950	Central Heating Installation Inc. Communal Boiler Replacement	1,453,788	1,161,534	1,903,788	450,000
FC02983	Decent Homes Central	8,800,000	7,015,487	8,800,000	0
FC02984	Block & Estate Modernisation	362,393	526,286	526,286	163,893
FC02939	Conversions	180,000	4,920	174,000	(6,000)
FC03001	Decent Homes (North)	11,145,139	7,468,437	10,622,121	(523,018)
FC03002	Decent Homes (South)	7,911,065	4,974,528	7,911,065	0
FC03003	Decent Homes (Blocks)	3,058,753	3,109,836	3,210,000	151,247
FC03004	Decent Homes (Sheltered)	1,944,665	1,737,833	1,944,665	0
FC03005	Decent Homes Small Contractors	6,538	(1,300)	6,538	0
FC03007	Windows	270,000	189,478	193,878	(76,122)
FC03036	Decent Homes Support - Liaison Teams/Surveys	378,000	189,000	378,000	0
FC03037	Energy Efficiency	50,000	0	68,000	18,000
FC03038	Garages	300,000	132	300,000	0
FC03039	Estate Roads & Environmental	150,000	0	150,000	0
FC03040	Communal Repairs & Upgrades	430,000	205,839	430,000	0
FC03044	Fire Safety Works (R&M)	70,000	0	70,000	0
FC03045	External Fabrics - Blocks	141,000	7,605	50,000	(91,000)
FC03048	Decent Homes (2015/16) Programme	900,000	0	700,000	(200,000)
	Sub-Total: Investment in Stock	**44,845,341**	**31,235,754**	**44,931,341**	**86,000**
Grand Total HRA		**81,492,664**	**61,627,995**	**83,428,664**	**1,936,000**
					0
TOTAL CAPITAL PROGRAMME		**134,691,488**	**97,791,360**	**141,557,130**	**6,865,642**

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CABINET

15 February 2016

Title: Budget Framework 2016/17	
Report of the Cabinet Member for Finance	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Kathy Freeman, Divisional Director – Finance	**Contact Details:** Tel: 020 227 3497 E-mail: Kathy.freeman@lbbd.gov.uk
Accountable Director: Jonathan Bunt, Strategic Director of Finance and Investment	

Summary:

This report sets out the:

- Medium Term Financial Strategy (MTFS) for 2016/17 to 2020/21;
- Proposed General Fund budget for 2016/17;
- Proposed level of Council Tax for 2016/17;
- Funding reductions to 2019/20
- Financial outlook for 2017/18 onwards;
- Draft capital investment programme 2016/17 to 20/21.

The General Fund net budget for 2015/16 is £151.444m and the proposed net budget for 2016/17 is £150.314m. The budget for 2016/17 incorporates changes in government grants, decisions previously approved by Members in the Medium Term Financial Strategy, savings approved by the Cabinet in October and December 2014 and other financial adjustments.

Council Tax for 2016/17 is proposed to increase by £41.36 (3.99%) to £1,078.03 from its current level of £1,036.67 for a Band D property. The 3.99% increase is made up of 1.99% increase in Council Tax and an additional 2% charge for the Adult Social Care precept. The 2% precept will be ring-fenced for this purpose.

The proposed draft capital programme is £492.072m for 2016/17 to 2020/21, including £312.217m for proposed HRA schemes. Details of the schemes included in the draft capital programme are at Appendix E.

The Greater London Authority is proposing to reduce their Council Tax by 6.4% for a Band D property, reducing the charge from £295.00 in 2015/16 to £276.00 in 2016/17. The combined Council Tax bill will therefore be £1,354.03 for 2016/17, compared to £1,331.67 in 2015/16.

Recommendation(s)

Cabinet is asked to recommend the Assembly to:

(i) Approve a base revenue budget for 2016/17 of £150.314m, as detailed in Appendix A to the report;

(ii) Approve the adjusted Medium Term Financial Strategy (MTFS) position for 2016/17 to 2020/21 allowing for other known pressures and risks at this time, as detailed in Appendix B to the report;

(iii) Delegate authority to the Strategic Director of Finance and Investment, in consultation with the Cabinet Member for Finance, to finalise any contribution required from reserves in respect of the 2016/17 budget, pending confirmation of levies and further changes to Government grants prior to 1 April 2016;

(iv) Approve the Statutory Budget Determination for 2016/17 as set out at Appendix C to the report, which reflects an increase of 1.99% on the amount of Council Tax levied by the Council, plus a further 2% increase in relation to the Social Care Precept and the final Council Tax proposed by the Greater London Assembly (6.4%% reduction), as detailed in Appendix D to the report;

(v) Approve the Council's draft Capital Programme for 2016/17 to 2020/21 as detailed in Appendix E to the report; and

(vi) Approve the transfer of the one off collection fund surplus of £3.5m to the corporate redundancy reserve, as set out in section 2.11 of the report.

Reason(s)

The setting of a robust and balanced budget for 2016/17 will enable the Council to provide and deliver services within its overall corporate and financial planning framework. The Medium Term Financial Strategy underpins the delivery of the Council's vision of One borough; one community; London's growth opportunity and delivery of the priorities within available resources.

1.0 Introduction and Background

1.1 The purpose of this report is to seek agreement to the revenue budget for 2016/17 of £150,314m (£151.444m in 2015/16).

1.2 The report also sets out the Medium Term Financial Strategy (MTFS) for 2016/17 to 2020/21 and the Council Tax level for 2016/17.

1.3 As part of the budget setting process consideration has been given to the priorities set out in the existing Corporate Delivery Plan and how best these can be achieved with the resources available.

The vision is 'One borough; one community; London's growth opportunity'.

The three corporate priorities that support the vision are:

1. Encourage Civic Pride;
2. Enabling social responsibility;
3. Growing the borough.

2.0 Medium Term Financial Strategy (MTFS)

2.1 In February 2015, Assembly approved the budget for 2016/17 which included a £2.152m contribution from reserves as a one off measure with the deficit being rolled forward to 2017/18.

2.2 The 2016/17 budget incorporates savings of £12.855m as agreed by Cabinet in December 2014.

2.3 Following Assembly in February 2015, a number of amendments were made to the MTFS, including changes in funding assumptions and additional pressures being identified. A budget update report was presented to Cabinet in July 2015 which increased the estimated budget gap to £5.7m.

2.4 Provisional funding allocations for 2016/17 were announced in the Local Government Finance Settlement by DCLG (Department for Communities and Local Government) on 17 December 2015. At the time of writing this report, the final Settlement is yet to be announced.

2.5 For the first time in many years, DCLG announced a provisional four year settlement, giving councils the ability to plan with greater certainty for the future. DCLG will be requesting for Councils to formally accept the four year offer. Details of how to formally accept the offer are yet to be announced.

2.6 In previous years, reductions to local government funding have been calculated based on reductions of the revenue support and other central government grants. On this basis, the Medium Term Financial Strategy incorporated significant funding reductions of £36.8m to Revenue Support Grant (RSG) and top up grant. Following the provisional settlement, the funding reductions were £28.5m, £8.3m lower than previously forecast. In calculating the 2016/17 to 2019/20 settlement, the DCLG considered the relative ability of each council to generate income, through Council Tax and business rates retention and calculated the RSG on the overall funding for each council. Due to the Council having a relatively low Council Tax base and collecting less business rates than our level of need, our funding cut was lower in comparative terms compared to councils with a high Council Tax and higher ability to raise revenue from business rates.

2.7 Despite the change in DCLG's approach in calculating the funding reduction, it is nonetheless a substantial cut and the financial challenge faced by the Council over the next five years is still £63m.

Table 1 - Changes to funding in 2015/16 compared to provisional 2016/17 Settlement

Funding Source	Final 2015/16 £000	Provisional 2016/17 £000	Variance £000
Revenue Support Grant	45,429	36,690	-8,739
Top up grant	35,003	35,290	287
Education Services Grant	3,300	3,440	140
New Homes Bonus Grant	2,871	6,055	3,184
LCTS Administration Grant	346	346	0
HB Administration Grant	1,349	1,254	-95
Change in Government Funding	88,298	83,075	-5,223
Council Tax Precept	44,188	49,314	5,126
Retained NNDR Income	15,521	17,006	1,485
NNDR Compensation Grants	1,419	1419	0
NNDR Pooling Gains	300	0	-300
Council Tax Surplus	1,404	0	-1,404
Business Rates Surplus	314	-500	-814
Change in Local Funding	63,146	67,239	4,093
Total Change in Funding	151,444	150,314	-1,130

2.8 The reduction to the Council's core funding of Revenue Support Grant and Top up is over £8.4m. There was also a reduction in the Housing Benefit administration grant of £0.095m. The reductions were partially offset by increases in the New Homes Bonus which had increased due to an accelerated build of new homes in the borough and there being no London Enterprise Panel top-slice for 2016/17. Previous estimates had also been prudent due to government announcement casting doubt over the future of New Homes Bonus. The impact of these changes meant reductions in central government funding of £5.2m.

2.9 Due to a number of changes in the Council's local funding, the reduction is central funding was largely offset by growth in the Council Tax base in excess of £5m. The growth in the Council Tax base is made up of a large number of properties being built in the borough, as well as less support being provided to those previously in receipt of the Council Support Scheme. The position in earlier iterations of the MTFS was more cautious on the Council Tax base due to the impact of announced changes to tax credits.

2.10 The income retained through business rates has also increased in 2016/17. This is not due to business growth but is in relation to adjustments made to the appeals provision as claims are settled with the Valuation Office.

2.11 The estimated Council Tax and NNDR surplus accumulated from prior years is £3.5m, due to an increase of the number of properties in the borough, and a reduction of support provided through the Council Tax support scheme. It is important to note that the surplus is a cash surplus and would only benefit the Council for one year. Due to the Council having set a balanced budget for 2016/17, it is recommended that the one-off Council Tax and NNDR surplus is transferred to the corporate redundancy reserve to mitigate the cost of severance and pension strain costs of early retirement costs. This is recommended as the Council has announced a voluntary redundancy scheme for staff as it seeks to make early savings towards the budget gap in the MTFS ahead of the Ambition 2020 programme.

2.12 In 2015/16 the Council received £1.419m in NNDR compensation grants for a number of reliefs the Government introduced since 2013/14 onwards. The relief also compensated Councils for the 2% inflation cap imposed by DCLG as rates were previously estimated to be uplifted in line with RPI (Retail price index inflation). No confirmation has been received regarding the NNDR compensation grant.

2.13 The above changes in funding have been incorporated in the Medium Term Financial Strategy, which is attached as Appendix B of this report. It is proposed that central provision of £1.27m is created to offset against any unannounced funding changes and changes in levies.

2.14 For the first time in many years, the Government have responded to the request of local authorities to provide certainty to enable better medium term financial planning. The Government will be requesting local authorities to accept the "four year offer", with the view that councils who do not accept the offer will be given a one year settlement for 2016/17.

2.15 The table below captures the provisional 4 year settlement over the parliamentary period to 2019/20. In 2017/18, the New Homes Bonus starts to reduce as funds are re-directed towards the Improved Better Care Fund. Further details are yet to be announced in regards to how the Better Care Fund will operate, as the current Better Care Fund is pooled between Health and the Council, though there have been ministerial announcements that it is explicitly local government money. For this reason, the Better Care Fund has not been brought into the MTFS funding adjustments.

Table 2- Provisional Settlement 2016/17 to 2019/2. Estimated figures for 2020/21

Funding Source	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Revenue Support Grant	36,690	28,760	23,290	17,730	13,728
Top Up Grant	35,290	35,990	37,050	38,230	38,230
Education Services Grant	3,440	2,00	1,000	0	0
New Homes Bonus Grant	5,937	5,937	3,800	3,700	3,430
HB Administration Grant	1,254	1,154	1,054	1,000	950
LCTS Administration Grant	346	346	346	346	346
NHB Returned Funding	118	118	0	0	0
Government Funding	**83,075**	**74,305**	**66,540**	**61,006**	**56,684**

3.0 General Fund Revenue Budget 2016/17

3.1 The proposed budget for 2016/17 was initially approved by Assembly in February 2015 which incorporated savings agreed by Cabinet in December 2014 of £12.855m. This was then adjusted for items detailed in the approved MTFS and other adjustments made in accordance with financial regulations during 2015/16.

3.2 The Council Tax increase of 1.99% approved for the 2015/16 budget was the first increase to Council Tax in seven years. Withholding increases to Council Tax for such a long period of time has significantly reduced the overall income available for the Council. Although the Council did receive financial support through the Council Tax Freeze Grant, some of these grants were one off whilst the ongoing ones were rolled into the Revenue Support Grant and were subsequently reduced as RSG was cut. The Strategic Director of Finance and Investments has advised that Council Tax levels should increase to ensure that the Council's overall tax base is not eroded and proposes an increase of 1.99%.

3.3 In recognition of the pressures experienced by Adult Social Care nationally, DCLG have allowed councils nationally to introduce a 2% precept on their Council Tax to offset against the cost of Adult Social Care. The pressures of Adult Social Care are estimated in excess of £4m in 2016/17, so it is proposed that the Council increases Council Tax by a further 2% which will be ring-fenced to mitigate the pressures experienced by Adult Social Care.

3.4 Following adjustments to items set out in the MTFS and the pre-agreed savings, proposed Directorate budgets are provided in Appendix A and the Statutory Budget Determination for 2015/16 is set out in Appendix C of this report.

3.5 The proposed net budget requirement for 2016/17 is £150.314m and the details of how this is funded are set out in Table 1 of this report.

3.6 Details of the levies (Environment Agency, East London Waste Authority, Lee Valley Park, London Pension Fund Authority) the Council is required to pay in 2016/17 are yet to be confirmed. The budget includes an increased provision for the cost of levies of £0.626m in respect of the ELWA levy.

3.7 It is proposed that authority is delegated to the Strategic Director of Finance and Investments in consultation with the Cabinet Member for Finance to make the necessary adjustments using the funding provision or from reserves following confirmation of levy and final funding announcements.

4.0 Council Tax Requirement

4.1 As outlined in section 3 above, the Council proposes to increase Council Tax by 1.99% + 2% (£41.36) from £1,036.67 to £1,078.03 for a band D property.

4.2 The Greater London Authority has provisionally proposed a 6.4% reduction in its charge for 2016/17. The Council Tax charge would be reduced from the 2014/15 amount of £295.00 to £276.00 (Band D property).

4.3 The calculation of the proposed Council Tax for 2016/17 is shown in Appendix D.

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

5.0 Financial Outlook

5.1 The Chancellor's Autumn Statement published on 25 November 2015 estimated the economy was expected to grow faster than forecasted last year in 2016, 2017 and 2018. Projections beyond 2018 remain the same.

Table 3 - Change in GDP forecasts between SR14 and SR15

	GDP 2014	GDP 2015	GDP 2016	GDP 2017	GDP 2018	GDP 2019
Autumn SR 15	2.90%	2.40%	2.40%	2.50%	2.40%	2.30%
Autumn SR 14	3.00%	2.40%	2.20%	2.40%	2.30%	2.30%

5.2 Future year's public sector expenditure is set to increase shown in the Resource Departmental Expenditure Limit (RDEL) which funds local authorities. In the Autumn Statement 2014, the forecast spend on the RDEL showed a decline of c£20bn from 2015/16 to 2017/18. The forecasts announced in the latest Autumn Statement shows a steady increase in the RDEL from £338bn to £348bh by 2018/19.

Table 4 – Change in Resource Departmental Expenditure Limit (RDEL) projected in the autumn statement

	2015/16 £bn	2016/17 £bn	2017/18 £bn	2018/19 £bn
RDEL SR15	338	343.7	345.8	348.6
RDEL SR14	339.1	321.8	310.6	n/a

5.3 Although there is not a direct relationship between RDEL and local government funding the RDEL is an indication of the expenditure levels of expenditure. The increase in the RDEL is not reflective of the increased funding to be made available to councils, but will reflect the additional income councils will generate through local funding such as Council Tax and business rates.

5.4 The increase in RDEL could also reflect the Government's plans to allow councils to retain 100% of business rates income. The Government plans to consult on their proposals on business rates over next few months.

6.0 Capital Programme

6.1 The Council is required to review its capital spending plans each year and set a capital programme. A key consideration when setting the programme is the projected level of available capital resources and the affordability of the overall programme, including the revenue cost of financing any debt.

6.2 The level of existing internal resources has been reviewed during the year and where relevant capital receipts and other capital reserves will be used to reduce the borrowing requirement of the approved programme in order to reduce debt charges on the Council's revenue budget. Officers will continue to review available capital funding and ensure that the capital programme is financed in the optimum way.

This includes provision for the Strategic Director of Finance & Investment to amend the source of funding for schemes if it is financial advantageous to do so.

Current capital programme

6.3 The Council's current capital budget for 2015/16, inclusive of the new Clockhouse Avenue / East Street land Purchase scheme (£3.180m), is £134.691m, and Directorates are currently forecasting to overspend against this by £6.8m. This will be financed by bringing forward and adjusting future year budgets accordingly.

6.4 The 2015/16 capital programme will be funded by £48.816 worth of capital grants, £40.730 of HRA/MRR funding, £0.119m of Section 106, £20.628 of capital borrowing, £1.477 of revenue/reserve contributions, and £22.920 of capital receipts.

6.5 The budgets for the following five years are draft and will still be subject to change as a result of budget roll-forwards from this year. A summary of these budgets is shown in the table below. The full list of schemes is included at Appendix E.

Table 7 – Capital programme 2014/15 to 2020/21

Capital Expenditure	2014/15 Actual £'000	2015/16 Approved £'000	2016/17 Proposed £'000	2017/18 Proposed £'000	2018/19 Proposed £'000	2019/20 Proposed £'000	2020/21 Proposed £'000
General Fund Capital Programme	67,250	53,198	105,769	69,740	2,856	878	612
HRA Capital Programme	78,544	81,493	79,059	56,070	63,128	57,960	56,000
Sub-Total (Operational Capital Programme)	**145,794**	**134,691**	**184,828**	**125,810**	**65,984**	**58,838**	**56,612**
Finance Lease & PFI Additions	25	54	69	88	96	112	144
Corporate Borrowing yet to be allocated to schemes	-	-	-	6,651	8,788	9,522	9,788
Total	**145,819**	**134,746**	**184,897**	**132,550**	**74,868**	**68,472**	**66,544**
Financed by:							
Capital Grant	47,723	48,816	63,206	49,906	-	-	-
Section 106	1,187	119	-	-	-	-	-
Revenue & Reserves Contributions	13,161	1,477	875	400	400	400	6,400
Capital Receipts	14,035	22,920	11,741	10,732	15,750	21,500	18,000
HRA / MRR	51,860	40,730	53,507	45,338	47,738	36,460	32,000
Sub-Total	**127,966**	**114,063**	**133,390**	**106,376**	**63,528**	**58,360**	**56,400**
Net Financing Requirement	**17,853**	**20,683**	**51,507**	**26,174**	**11,340**	**10,112**	**10,144**

Table 8 – Cost of In-Year Borrowing

Minimum Revenue Provision (MRP) (over 20 year life)	893	1034	2,923	1,136	567	506	500
Interest Payable (@3.5%)	625	724	2,046	795	397	354	350
Total	**1,518**	**1,758**	**4,968**	**1,932**	**964**	**860**	**850**

6.6 The two most significant areas of the capital programme are the provision of school places and housing. This reflects the needs of the borough in terms of dealing with a high birth rate and high level of migration into the borough. School expansion schemes are funded by Central Government (the Education Funding Agency), and the HRA programme is self financed by the HRA using a mixture of Government grants, capital receipts and HRA revenue funding. Therefore they do not pose a pressure on the General Fund, in terms of needing to borrow and servicing the cost of borrowing.

6.7 Another significant area of the programme is the Corporate Accommodation Strategy. This has a budget of £9.4m over the next two years and will rationalise the corporate office portfolio, which will enable future capital receipts and revenue savings to be realised.

6.8 In January Cabinet agreed a number of new schemes to be funded from corporate borrowing made available of £5m in 2016/17 and £10m in the subsequent years up until 2021, as per the provisions made available in the Councils Medium term Financial Strategy (MTFS). The main intention of this process was to enable the Council to meet its statutory and health and safety requirements. Therefore bids that fulfilled these purposes were prioritised and selected. This process was also primarily aimed at the services/schemes that do not attract external funding, for example to maintain corporate property and IT, roads and the environment.

6.9 The details of the new bids going forward at this stage are included in the Budget Strategy report that was presented to Cabinet in January. The £5m made available in 2016/17 has been fully allocated to schemes, but for subsequent years the funding has only been partially allocated, and therefore there will be further schemes put forward to Members to allocate the remaining funding. The new approved schemes as well as the corporate funding remaining to be allocated are included in the table above.

6.10 The Council also has a schedule of corporate sites and properties for sale (as presented to Cabinet in January 2015). This will generate additional capital receipts, which could be added to the corporate borrowing available for future years, and therefore will increase the remaining funding that directorates have to bid for. As part of this, the capital investment requirements of the Ambition 2020 programme will have to be considered. Once future bidding processes occur and new bids are put forward they will be presented for approval to Cabinet and added to the capital programme accordingly.

6.11 Other schemes that have external funding (e.g. government grants) can be added to the capital programme during the year and will appraised internally as and when such funding is allocated / received.

6.12 A draft capital programme for the following five years is presented for approval as amendments will be required after 1 April 2016 when further information becomes available.

Capital appraisal and monitoring arrangements

6.13 The Council has in place a capital appraisal process for new capital schemes. The appraisal process includes an analysis of the strategic fit of the scheme, options appraisal and key risks, financial implications, a detailed risk register, health and safety issues, and deliverability and key milestone issues. Only once a scheme successfully meets all these criteria can works commence.

6.14 The Council also has a capital monitoring system, which is primarily designed to ensure that projects are delivered within the timescales and within the budget approved by Cabinet. The capital programme is supported by the Capital Delivery Team and is monitored by Project Managers in consultation with the Finance Service.

6.15 An upgrade to the financial system ('Oracle R12') was implemented during 2014/15 and following this the Oracle Planning & Budgeting Cloud Service (PBCS) tool has been added this year. This has enabled improvements in the way officers are able to manage and report on capital projects. Project Managers are can view the live financial performance of their schemes on their personalised 'dashboards', upload their forecasts directly into the system, and now automatically pass these forecasts along their approval hierarchy for approval. This has streamlined and made transparent the approval process within budget monitoring.

7.0 Consultation

7.1 A consultation on the 2015/16 and 2016/17 savings was carried out in the autumn of 2014. Details of the consultation are included in paragraph 5 of the Budget Strategy 2015/16 report that was presented to Cabinet on 16 December 2014. Local business rate payers have also been consulted as required by regulations and the final 2016/17 budget was considered by the Public Accounts and Audit Select Committee (PAASC) on 3 February 2016.

8.0 Financial Implication

8.1 Financial Implications have been covered throughout the report.

9.0 Legal Implications

Implications completed by Dr Paul Feild, Corporate Governance Lawyer

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

9.2 Whenever there are proposals for the closure or discontinuance of a service or services, there will be a need for appropriate consultation, so for example if savings proposals will affect staffing then it will require consultation with Unions and staff. In addition to that Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet.

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

- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must be fulfilled or varied with agreement of current providers;

- any legitimate expectations that persons already receiving a service (due to be cut) may have to either continue to receive the service or to be consulted directly before the service is withdrawn;

- any rights which statute may have conferred on individuals and as a result of which the council may be bound to continue its provision. This could be where an assessment has been carried out for example for special educational needs statement of special educational needs in the education context);

- the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;

- to any responses from stakeholders to consultation undertaken.

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

Background Papers Used in the Preparation of the Report

Local Government Finance Settlement 2016/17
Autumn Statement 2015

List of appendices

Appendix A – Revenue Budget 2016/17
Appendix B – MTFS 2016/17 to 2020/21
Appendix C – The Statutory Budget Determination
Appendix D – Calculation of the Council Tax Requirement
Appendix E – Draft Capital Programme 2016/17 – 2020/21

Appendix A

2016/17 Details of Directorate Gross and Net Budgets Including Recharges

Directorate	Gross Expenditure £'000	Support Costs £'000	Depreciation £'000	Recharge Income £'000	Income £'000	Net Budget £'000
Adults & Community Services	84,254	5,495	2,246	(907)	(41,278)	**49,810**
Chief Executive's Directorate	5,524	496	60	(4,286)	(1,179)	**615**
Children's Services	80,197	7,179	8,600	(22)	(34,494)	**61,460**
Customer, Commercial & Service Delive	58,201	10,312	10,563	(17,285)	(31,384)	**30,407**
Finance & Investment	159,107	4,165	178	(6,567)	(155,300)	**1,583**
Growth & Homes	24,992	1,594	1,531	(130)	(26,416)	**1,571**
General Finance	30,145	-	(23,178)	-	(2,099)	**4,868**
GENERAL FUND TOTAL	**442,420**	**29,241**	**-**	**(29,197)**	**(292,150)**	**150,314**
Dedicated Schools Grant	238,250	4,485	-	-	(242,735)	**-**
Housing Revenue Account	87,964	13,138	9,906	(44)	(110,964)	**-**
ALL FUNDS TOTAL	**768,634**	**46,864**	**9,906**	**(29,241)**	**(645,849)**	**150,314**

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Medium Term Financial Strategy - Summary Position 2016/17 - 2020/21

Appendix B

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Prior Year (Surplus) / Deficit	**(565)**	**0**	**19,801**	**35,645**	**49,622**
Budget Increases					
Investment in the capital programme	1,000	1,400	900	900	900
Staff pay award and capacity building	2,000	1,000	1,000	1,000	1,000
ELWA levy increase	626	320	440	350	350
Increased contribution to Pension Fund deficit	650	325	325	325	325
Apprenticeship levy	-	675	-	-	-
Non staff inflation	-	2,100	2,100	2,100	2,100
Delaying of interest costs	-	3,000	-	-	-
Children's demand led increase	1,000	1,200	1,300	1,200	1,100
Increased demand for Adult social care	-	400	500	700	800
Implications of the Care Act 2014	1,044	219	45	377	-
Increase in employers' NI contributions	2,000	-	-	-	-
Adults precept 2% Ctax increase	890	919	949	980	1,012
Delayed implementation of Leisure Trust	1,000	(1,000)	-	-	-
Oracle and ICT hosting, LLW	690	-	-	-	-
National minimum wage - corporate contracts	120	-	-	-	-
Potential impact of funding and levy changes	1,269	-	-	-	-
Potential impact of new legislation	-	2,000	2,000	2,000	2,000
Potential impact of demographic pressures	-	981	1,225	1,133	1,760
Total Additional Costs	**12,289**	**13,539**	**10,784**	**11,065**	**11,347**
Changes in Income & Funding					
Government Grants	8,452	7,230	4,410	4,380	4,002
Reduction in HB admin grant	96	-	-	-	-
Education Services Grant	(140)	1,440	1,000	1,000	270
New Homes Bonus Grant	(3,184)	-	2,137	100	428
Reversal of Council tax and NNDR surplus	1,718	-	-	-	-
Increase in rates retention income	(1,485)	-	-	-	-
Council Tax and NNDR surplus	-	-	-	-	-
1.99% increase in Council Tax	(890)	(919)	(949)	(980)	(1,012)
2% increase in Council Tax Adult social care precept	(890)	(919)	(949)	(980)	(1,012)
Increase in Council Tax Base	(3,346)	(570)	(589)	(608)	(628)
Income from Business Rates Pooling	300	-	-	-	-
Transfer of industrial sites for residential use	500	-	-	-	-
Total Changes in Income	**1,131**	**6,262**	**5,060**	**2,912**	**2,048**
Cumlative Budget Gap	**12,855**	**19,801**	**35,645**	**49,622**	**63,017**
Savings					
Savings approved by Cabinet Dec 2014	(12,855)	-	-	-	-
Total Savings	**(12,855)**	**-**	**-**	**-**	**-**
Cumulative Budget Gap Including Savings	**0**	**19,801**	**35,645**	**49,622**	**63,017**

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STATUTORY BUDGET DETERMINATIONS

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

1. At its meeting on 19 January 2016 the Council approved the Council Tax Base 2016/17 calculation for the whole Council area as 45,744.57 [Item T in the formula in Section 31B (3) of the Local Government Finance Act 1992, as amended ("the Act")]

2. The following amounts have been calculated by the Council for the year 2016/17 in accordance with Sections 31 to 36 of the Act:-

(a)	£768,634,220	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£719,320,201	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£49,314,019	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)	£1,078.03	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
£718.69	£838.47	£958.25	£1,078.03	£1,317.59	£1,557.15	£1,796.72	£2,156.06

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

3. That it be noted that for the year 2016/17 the Greater London Authority has indicated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:-

Precepting Authority: Greater London Authority

Valuation Bands

A	B	C	D	E	F	G	H
£184.00	£214.67	£245.33	£276.00	£337.33	£398.67	£460.00	£552.00

4. That, having calculated the aggregate in each case of the amounts at 2 and 3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2016/17 for each of the categories of dwellings shown below:-

Valuation Bands

A	B	C	D	E	F	G	H
£902.69	£1,053.14	£1,203.58	£1,354.03	£1,654.92	£1,955.82	£2,256.72	£2,708.06

Appendix D

Calculation of the Proposed Council Tax for 2016/17

		£000
Revised 2015/16 Budget		**151,444**
Roll forward of last year's surplus	(565)	
New MTFS Items	12,289	
Savings Approved by Cabinet - October & December 2014	(12,854)	
Total Adjustments		(1,130)
Base Budget Requirement for 2016/17		**150,314**
Funded By:		
Formula & Specific Grant	(90,404)	
Education Services Grant	(3,440)	
New Homes Bonus Grant	(6,055)	
CTS and Benefits Administration Grant	(1,601)	
Reduction in NNDR income due to transfer of sites	500	
Total Funding		(101,000)
Council Tax Requirement		**49,314**
Council Tax Base (Equivalent Band D properties)		45,744.57
Council Tax:		
London Borough of Barking & Dagenham		£1,078.03
Greater London Authority		£276.00
Overall Council Tax - Band D equivalent		**£1,354.03**

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Five Year Capital Programme (2016/17 - 2020/21)

Appendix E

	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL	Government Grants	HRA/MRR	Section 106	Borrowing	Revenue / Reserves	Capital Receipts	Total Funding
Adult & Community Services													
Direct Pymt Adaptations	400,000	400,000	400,000	400,000	400,000	**2,000,000**					2,000,000		**2,000,000**
Broadway Theatre	350,000					**350,000**					350,000		**350,000**
BLC – Replacement Flooring	125,000	125,000				**250,000**				250,000			**250,000**
Dagenham Library Foyer	-	57,000				**57,000**				57,000			**57,000**
Eastbury Manor House - Access and egress improvements	-	86,000				**86,000**				86,000			**86,000**
BLC OSS Space	46,000	-				**46,000**				46,000			**46,000**
Access Improvements, Eastbury Manor House	-	35,000				**35,000**				35,000			**35,000**
BLC void areas	-	140,000				**140,000**				140,000			**140,000**
Swift	500,000	477,000				**977,000**				977,000			**977,000**
Improvement Works at Abbey Green and Abbey Ruins	35,000	-				**35,000**				35,000			**35,000**
50m Demountable Swimming Pool	1,700,000					**1,700,000**				1,700,000			**1,700,000**
3G football pitches in Parsloes Park	500,000					**500,000**				500,000			**500,000**
						-							
Total For Adult & Community Services	**3,656,000**	**1,320,000**	**400,000**	**400,000**	**400,000**	**6,176,000**	**-**	**-**	**-**	**3,826,000**	**2,350,000**	**-**	**6,176,000**
Children's Services													
Primary Schools													
Marsh Green Primary 13-15	909,373					**909,373**	909,373						**909,373**
Gascoigne Primary	6,966,641	1,000,000				**7,966,641**	7,966,641						**7,966,641**
Sydney Russell (Fanshawe) Primary Expansion	2,573,980					**2,573,980**	2,573,980						**2,573,980**
Village Infants - additional pupil places	1,000,000	200,000				**1,200,000**	1,200,000						**1,200,000**
Marks Gate Junior	100,000					**100,000**	100,000						**100,000**
Central Barking Primary		10,000,000				**10,000,000**	10,000,000						**10,000,000**
Secondary Schools													
Robert Clack Expansion 13-15	5,500,000	6,000,000				**11,500,000**	11,500,000						**11,500,000**
Lymington Fields New School	500,000	16,924,849				**17,424,849**	17,424,849						**17,424,849**
Barking Riverside Secondary Free School	30,000,000	6,695,736				**36,695,736**	36,695,736						**36,695,736**
Eastbury Secondary	2,000,000	2,737,526				**4,737,526**	4,737,526						**4,737,526**
Eastbrook School	750,000	250,000				**1,000,000**	1,000,000						**1,000,000**
Dagenham Park	2,000,000	500,000				**2,500,000**	2,500,000						**2,500,000**
New Gascoigne Secondary School	-	4,420,000				**4,420,000**	4,420,000						**4,420,000**
Children Centres													
Extension of Abbey children's centre nursery	125,000	125,000				**250,000**	-			250,000			**250,000**
Other Schemes													
Feasibility & Design Site Set up	500,000	1,177,956				**1,677,956**	1,677,956						**1,677,956**
School Expansion SEN Projects	223,520					**223,520**	223,520						**223,520**
Additional SEN Provision	500,000					**500,000**	500,000						**500,000**
Pupil Intervention Project (PIP)	250,000					**250,000**	250,000						**250,000**
SMF 2014/16	1,300,000					**1,300,000**	1,300,000						**1,300,000**
SMF 2015-17	3,000,000					**3,000,000**	3,000,000						**3,000,000**
Youth Zone	3,000,000					**3,000,000**	2,000,000		1,000,000				**3,000,000**
Total For Children's Services	**61,198,514**	**50,031,067**		**-**		**111,229,581**	**109,979,581**		**1,000,000**	**250,000**			**111,229,581**
Environment Services													
Backlog Capital Improvements	200,000					**200,000**				200,000			**200,000**
Consolidation & Expansion of CPZ	330,000	300,000				**630,000**				630,000			**630,000**
Frizlands Phase 2 Asbestos Replacement	150,000	-				**150,000**				150,000			**150,000**
HIP 2016-17 Footways & Carriageways	700,000	-				**700,000**				700,000			**700,000**
Expired Lighting Column Replacement	500,000	1,000,000	1,000,000			**2,500,000**				2,500,000			**2,500,000**
Bridges & Structures	250,000	400,000				**650,000**				650,000			**650,000**
Park Infrastructure	-	52,000				**52,000**				52,000			**52,000**
Fixed Play Equipment	30,000	-				**30,000**				30,000			**30,000**
Lakes Improvements	-	80,000	40,000	40,000	40,000	**200,000**				200,000			**200,000**
Parks Building Demolition Works	20,000	-				**20,000**				20,000			**20,000**
Abbey Green Historic Wall Repairs	21,000	-				**21,000**				21,000			**21,000**
Old Dagenham Park BMX Track	165,000	-				**165,000**				165,000			**165,000**
Capital Improvements	148,000	300,000				**448,000**				448,000			**448,000**
Parking ICT System	280,000	-				**280,000**				280,000			**280,000**
Total For Environmental Services	**2,794,000**	**2,132,000**	**1,040,000**	**40,000**	**40,000**	**6,046,000**				**6,046,000**			**6,046,000**
Chief Executive (CEO)													
Asset Strategy													
Energy Efficieny Programme	128,000					**128,000**				128,000			**128,000**
Implement Corporate Accommodation Strategy	5,000,000	4,447,541				**9,447,541**				9,447,541			**9,447,541**

ICT													
ICT End User Computing	1,356,000	172,000	172,000	438,000	172,000	**2,310,000**				2,310,000			**2,310,000**
Regeneration													
Chadwell Heath CCM (TfL)	748,600					**748,600**	748,600						**748,600**
Establishment of Council Owned Energy Services Com	125,000					**125,000**					125,000		**125,000**
Creative Industry (formerly Barking Bathouse)	300,000					**300,000**	300,000						**300,000**
Principal Road Maintenance	446,400					**446,400**	446,400						**446,400**
Road Safety Improvements - Environment Scheme	186,000					**186,000**	186,000						**186,000**
Barking Station Improvements	900,000					**900,000**	900,000						**900,000**
Gale Street Corridor Improvements	325,500					**325,500**	325,500						**325,500**
Local Transport Plans	93,000					**93,000**	93,000						**93,000**
Borough Cycle Programme	133,000					**133,000**	133,000						**133,000**
Total For Chief Executive (CEO)	**9,741,500**	**4,619,541**	**172,000**	**438,000**	**172,000**	**15,143,041**	**3,132,500**			**11,885,541**	**125,000**		**15,143,041**
General Fund Housing													
Critical Needs Homelessness Assessment and Suppo	219,000					**219,000**				219,000			**219,000**
Gascoigne Estate 1 (EIB)	28,159,662	11,637,837	1,243,500			**41,040,999**				41,040,999			**41,040,999**
Total For General Fund Housing (GFH)	**28,378,662**	**11,637,837**	**1,243,500**	**-**		**41,259,999**				**41,259,999**			**41,259,999**
Grand Total General Fund	**105,768,676**	**69,740,445**	**2,855,500**	**878,000**	**612,000**	**179,854,621**	**113,112,081**		**1,000,000**	**63,267,540**	**2,475,000**		**179,854,621**
HRA													
Investment In Stock													**-**
Aids And Adaptations	860,000	800,000	800,000			**2,460,000**		2,460,000					**2,460,000**
Asbestos Removal	650,000	650,000	725,000			**2,025,000**		2,025,000					**2,025,000**
Central Heating	1,600,000	1,600,000	1,000,000			**4,200,000**		4,200,000					**4,200,000**
Decent Homes Central	8,000,000	5,500,000	8,000,000			**21,500,000**		21,500,000					**21,500,000**
Decent Homes (Blocks)	76,000	-	-			**76,000**		76,000					**76,000**
Decent Homes (Sheltered)	33,000	-	1,500,000			**1,533,000**		1,533,000					**1,533,000**
Decent Homes Support - Liaison Team / Surveys	328,000	328,000	328,000			**984,000**		984,000					**984,000**
Conversions	300,000	300,000	300,000			**900,000**		900,000					**900,000**
Fire Safety Improvements	15,000	3,000,000	-			**3,015,000**		3,015,000					**3,015,000**
Energy Efficiency	500,000	500,000	500,000			**1,500,000**		1,500,000					**1,500,000**
Voids	3,000,000	2,500,000	475,000			**5,975,000**		5,975,000					**5,975,000**
Roof Replacements	-	-	2,000,000			**2,000,000**		2,000,000					**2,000,000**
Window Replacements	-	-	2,000,000			**2,000,000**		2,000,000					**2,000,000**
Estate Roads & Environment	800,000	800,000	400,000			**2,000,000**		2,000,000					**2,000,000**
Garages	300,000	300,000	50,000			**650,000**		650,000					**650,000**
Communal Repairs & Upgrades	1,500,000	1,500,000	1,800,000			**4,800,000**		4,800,000					**4,800,000**
External Fabric - Blocks Phase 1	5,973,000	6,000,000	4,000,000			**15,973,000**		15,973,000					**15,973,000**
Decent Homes North	7,000,000	7,500,000	8,000,000			**22,500,000**		22,500,000					**22,500,000**
Decent Homes South	6,590,000	7,500,000	8,000,000			**22,090,000**		22,090,000					**22,090,000**
Fire Safety Works	1,227,000	2,225,000	1,500,000			**4,952,000**		4,952,000					**4,952,000**
Street Purchases	1,000,000	-				**1,000,000**		1,000,000					**1,000,000**
To be allocated	-	-		33,060,000	30,000,000	**63,060,000**		60,460,000				2,600,000	**63,060,000**
Total	**39,753,000**	**41,003,000**	**41,378,000**	**33,060,000**	**30,000,000**	**185,194,000**		**182,593,000**				**2,600,000**	**185,193,000**
												-	**-**
												-	**-**
Estate Renewal												-	**-**
Estate Renewal	4,335,000	4,335,000	6,000,000	6,000,000	6,000,000	**26,670,000**		26,670,000				-	**26,670,000**
Total	**4,335,000**	**4,335,000**	**6,000,000**	**6,000,000**	**6,000,000**	**26,670,000**		**26,670,000**					**26,670,000**
												-	**-**
New Build schemes												-	**-**
Leys Phase 1	4,166,000	232,000	-			**4,398,000**		1,345,570		1,348,078		1,704,352	**4,398,000**
Leys Phase 2	12,400,000	500,000	-			**12,900,000**		4,005,057		4,012,522		4,882,421	**12,900,000**
Marks Gate	339,000	-	-			**339,000**		109,493		109,697		119,810	**339,000**
Bungalows	112,000	-	-			**112,000**		36,175		36,242		39,583	**112,000**
Ilchester Road	2,988,000	-	-			**2,988,000**		965,090		966,888		1,056,022	**2,988,000**
North St	3,055,000	-	-			**3,055,000**		986,730		988,569		1,079,701	**3,055,000**
Burford Close	1,100,000	-	-			**1,100,000**		355,287		355,950		388,763	**1,100,000**
To Be Allocated	9,061,000	10,000,000	15,750,000	18,900,000	20,000,000	**73,711,000**		2,926,599		2,932,054	6,000,000	61,852,348	**73,711,000**
Total	**33,221,000**	**10,732,000**	**15,750,000**	**18,900,000**	**20,000,000**	**98,603,000**		**10,730,000**		**10,750,000**	**6,000,000**	**71,123,000**	**98,603,000**
													-
Housing Transformation													**-**
Housing Transformation Programme	1,750,000					**1,750,000**		1,750,000					**1,750,000**
Total	**1,750,000**	**-**	**-**	**-**	**-**	**1,750,000**	**-**	**1,750,000**	**-**	**-**	**-**	**-**	**1,750,000**
													-
HRA Total	**79,059,000**	**56,070,000**	**63,128,000**	**57,960,000**	**56,000,000**	**312,217,000**	**-**	**221,743,000**	**-**	**10,750,000**	**6,000,000**	**73,723,000**	**312,216,000**
TOTAL CAPITAL PROGRAMME	**184,827,676**	**125,810,445**	**65,983,500**	**58,838,000**	**56,612,000**	**492,071,621**	**113,112,081**	**221,743,000**	**1,000,000**	**74,017,540**	**8,475,000**	**73,723,000**	**492,070,621**

CABINET

15 February 2016

Title: Council Tax Discretionary Relief Policy	
Report of the Cabinet Member for Finance	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Jonathan Bunt, Strategic Director, Finance & Investments	**Contact Details:** Tel: 020 8724 8427 E-mail: jonathan.bunt@lbbd.gov.uk
Accountable Director: Jonathan Bunt, Strategic Director, Finance & Investments	

Summary

The Council has legislative powers under section 13A of the Local Government Finance Act 1992 to grant discretionary relief for Council Tax payers where they are experiencing an extreme financial need or where an event or natural disaster has caused financial hardship.

By Minute 51 (iii) of its meeting on 18 November 2014, the Cabinet recommended that Assembly create a budget of £50,000 for the application of this relief. The creation of a hardship fund was approved by Assembly on the 21 January 2015. At that time the specific criteria and policy were in development. To adminster this relief a policy has now been developed and is set out at Appendix A.

The purpose of this policy is to grant relief to Council Tax payers that are in financial difficulty and to award a 100% discount for a period no greater than two months in any financial year. The relief is granted on the understanding that this would allow the Council Tax payer an opportunity to regain control of their finances.

To qualify the Council Tax Payer must fulfil the following criteria:

- Be in receipt of Council Tax Support
- Provide proof that financial assistance is required
- Provide proof that an attempt has been made to resolve any financial difficulties by way of other advice services

The impact of this policy is that an estimated 375 Council Tax payers may potentially benefit from this relief with an average reduction in Council Tax of £130 each. The estimated budget breakdown is shown in Appendix B.

Recommendation(s) The Cabinet is recommended to: (i) Approve the Council Tax Discretionary Relief Policy as attached at Appendix A to the report; (ii) Agree that budget provision of £50,000 be made in 2016/17 to support the policy and to note that the adequacy of the budget shall be reviewed each year.
Reason(s) To support the Council's priority of "Enabling social responsibility" through the introduction of a scheme aimed at protecting the most vulnerable in the community experiencing extreme financial hardship.

1. Introduction and Background

1.1 Section 10 of the Local Government Finance Act 2012 introduced a new power under section 13A of the Local Government Finance Act 1992 to enable Local Authoritites to award discretionary relief to cases of hardship.

1.2 The introduction by the Government of changes to Council Tax benefit arrangements has led to increased financial pressure on some Council Tax payers. As a result many are unable to maintain payment of their Council Tax within the financial year.

1.3 A smaller number have fallen into severe financial difficulty which has been further compounded by other cost-of-living increases.

1.4 In such cases the Council is required to continue to recover unpaid Council Tax. Although discretion is exercised when determining whether enforcement action would be appropriate there is currently no discount or reduction that can be applied and so the debt remains.

1.5 In some cases a Council Tax payer may fall into severe financial hardship as a result of an extreme event or natural disaster. Again whether the use of enforcement action would be appropriate is considered but there is no discount or reduction that can be applied.

1.6 This policy has been written to address the issues above.

2. Proposal and Issues

2.1 The adoption of this policy and allocation of budget will allow the applicaton of relief to qualifying Council Tax Payers for a period no greater than two months.

2.2 The policy will allow Council Tax Payers an opportunity to regain control of their finances so they may continue paying Council Tax and reduce their arrears.

2.3 An award will be granted where the Council Tax Payer is able to demonstrate hardship. This will be defined as being unable to meet basic and essential needs. The following are examples of basic and essential needs:

- Heating
- Food
- Hygiene

2.4 Expenditure that does not relate to basic and essential needs will not be taken into account when assessing basic and essential needs. The list below, which is not exhaustive, shows examples of non basic and essential expenditure:

- Rental charges for TV, satellite and internet;
- Phone charges for mobile and landline where they are considered to be excessive;
- Credit cards;
- Store cards;
- Catalogue loans.

2.5 The more specific criteria adopted in the revised policy will exclude the following types of Council Tax payers:

- Landlords;
- Housing associations;
- Council Tax payers that have not made an application for Council Tax support;
- Council Tax payers in receipt of 100% Council Tax Support;
- Occupants of properties in multiple occupation (HMO).

2.6 Set out at Appendix B is the estimated number of Council Tax payers that may potentially benefit from this relief. The estimate is based upon Band C properties as this represents the higest number of properties with the borough.

2.7 The determination of applications will be made by the Revenues Manager or their designated officers, in accordance with the policy. Appeals will be considered by a Council officer delegated to do so by the Strategic Director of Finance and Investments.

3. Options Appraisal

3.1 The proposals have been developed in the context of the legislative powers given to Local Authoritites.

4. Consultation

4.1 There are no requirements to consult on the introduction of any discretionary arrangements. The availability of the Fund and eligibility criteria will be widely publicised.

5. Financial Implications

Implications completed by: Kathy Freeman, Divisional Director - Finance

5.1 The discretionary relief fund will operate at a cost of £50,000 to the Council per annum.

5.2 It is proposed that the cost of discretionary relief fund will be met from within the Collection Fund and offset against the overall income collected from Council Tax.

5.3 The policy is to support households with up to two months of Council Tax per year. Estimated at £130 for two months, the discretionary relief fund could support up to 375 households each year.

5.4 Payments from the discretionary relief fund will have a budget set each year that will be monitored month by month to ensure adjustments can be made where required. For 2016/17 this will be set at £50,000.

6. Legal Implications

Implications completed by: Dr.Paul Feild Senior Governance Solicitor

6.1 Section 13A(1) of the Local Government Finance Act 1992 as amended by the Local Government Act 2012, enables billing authorities to establish a Council Tax “hardship” reduction scheme. This report relates to those people who will be assisted under the Councils discretionary scheme.

7. Other Implications

7.1 **Risk Management –** There is a risk that these changes to the policy will have an impact upon collection rates. In addition the demand from Council Tax payers may exceed the allocated budget. To mitigate this it will be made clear to Council Tax payers that this is not an annual “top up” but an opportunity to regain control of their finances and make payment as required.

7.2 **Corporate Policy and Customer Impact -** An Equalities Impact Assessment (EIA) has been completed and is attached at Appendix C.

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

List of appendices:

- **Appendix A** – Policy
- **Appendix B** – Budget impact
- **Appendix C** – EIA

Policy for the award of Discretionary Council Tax reductions 2016/17

London Borough of Barking & Dagenham
lbbd.gov.uk

Contents

1. **Scope of this Policy**

This policy relates to a Council Tax Discretionary Relief scheme to support local Council Tax payers experiencing financial hardship under section 13A of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012..

2. **Policy Principles**

The Council recognises that in some circumstances residents whom are liable to pay Council tax may experience periods of financial hardship. In such circumstances the Council may exercise its power to grant a reduction in the amount of Council tax paid for a period no greater than two months. The purpose of this reduction is to allow the Council tax payer the opportunity to regain control of their finances, prevent further hardship and to recommence Council Tax payments.

3. **This Policy includes:**

- The Council's Legal Requirements
- Cost to the Council
- The Application Process
- Reapplications
- Eligibility Criteria & Decision Making Process
- The Appeals Process
- Hardship as a result of extreme hardship or natural disaster
- Cancellation of relief
- Fraudulent applications
- Appeals

4. **The Council's Legal Requirements**

1. The Local Government Finance Act 2012
2. Section 13A Local Government Finance Act 1992 – theaward of discretionary discounts
3. Section 4, Local Government Finance Act 1992 - Dwellings may be exempt from Council Tax if they fall within one of the specified classes
4. Section 11, Local Government Finance Act 1992 - The amount of Barking and Dagenham's Council's Council Tax Reduction Scheme 2013
5. Child Poverty Act 2010
6. Equality Act 2010 (incorporating the Disabled Persons Act 1986)
7. Housing Act 1996
8. The Barking and Dagenham Council Tax Reduction Scheme (Prescribed
9. The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 Default Scheme
10. Social Security Act 1992
11. Universal Credit Regulations 2012
12. Local Government Act 1972 section 222
13. The Fraud Act 2006, section 2
14. Data Protection Act 1998

5. Cost to the Council

5.1 The scheme will be funded by the Council and a budget will be determined by the 31st January of the preceding year in which the budget will apply. The budget will be kept under review during the course of each year.

6. The Application Process

6.1 Applications must be made by the registered Council tax payer or by a person with authority to act on behalf of the Council Tax payer. Whilst the application is being considered the tax payers should continue to pay instalments.

6.2 Applications will only be considered if they are submitted using the appropriate application form

6.3 Applications must be completed in full with any supporting evidence supplied.

6.4 Where an application is submitted but has not been completed in full, the application will not be considered.

6.5.1 Where further supporting evidence is required the applicant will be contacted. If
evidence is not provided within the given timescale, the application will not be considered.

7 Reapplications

7.1 Where an application is refused either initially or following an Appeal, further applications will not be considered unless:

a. The applicant's financial circumstances change
b. The applicant moves to another property within the borough

7.2 Applications that are made with the intention of increasing existing relief will not be considered.

8 Eligibility Criteria & Decision Making Process

8.1 Discretionary Council Tax Relief is not a matter of right; the Council is entitled through this policy to determine different levels of relief according to the nature and circumstances of individual circumstances

8.2 The applicant must have a Council Tax liability and/or:

- be in receipt of a Council Tax Support reduction
- be in receipt of universal credit
- provide proof that they require financial assistance
- suffer hardship through an extreme event or natural disaster where their main or sole residence has structural damage.
- provide proof that they have attempted to resolve their financial difficulties by way of other advice services

8.3 The amount of such awards may only be based upon eligibility and have regard for the level of funding available or remaining within the allotted budget each financial year.

8.4 An award of a relief will be considered to meet the costs of council tax liability where the applicant is able to demonstrate hardship. This is where the resident cannot meet their immediate basic and essential needs. Basic and essential needs are identified below, they are aligned to Universal Credit regulations but this does not constitute an exhaustive list.

- Heating
- Food
- Hygiene

8.5 In assessing basic and essential needs we will take into consideration the claimants age, health and status. Expenditure which does not relate to basic and essential needs will not be taken in to account when assessing hardship. Examples of these items are listed below, however this is not an exhaustive list;

- Rental charges for TV, satellite and internet
- Phone charges for mobile and landline considered excessive
- Credit cards
- Store cards
- Loans other catalogue debts

8.6 Any relief awarded will be applied to the Council Tax payable within that year. Applications for debts in previous years will not be considered.

8.7 Any relief will be awarded from the date the application is received by the Council.

8.8 Relief will be granted for a maximum of 2 months. For the period of relief Council Tax will be reduced to zero. After the period of relief is completed the remaining annual Council Tax will become payable by instalments.

8.9 Relief will only remain where the applicant remains in occupation of the property.

8.10 The Council will not remove any costs incurred by the Council Tax payer as a result of debt recovery action.

8.11 Applications for relief will be considered in the first instance by the Revenues Manager

8.12 Applicants will be informed, in writing, of the Council's decision within 30 days of receipt of the application

8.13 The following applicants will not be eligible for relief:

- Landlords
- Housing associations
- Council Tax payers that have not made an application for Council Tax support
- Council Tax payers in receipt of 100% Council Tax Support
- Occupants of properties in Multiple Occupation (HMO)

9 Hardship as a result of extreme event or natural disaster

9.1 Where a Council Tax payer has suffered hardship as a result of an extreme event or natural disaster discretionary relief can be considered by the Council.

9.2 The application process remains the same as detailed in section 9, with the following exception:

- Council Tax payers do not need to be in receipt of Council Tax support

All other restrictions apply.

9.3 The Council will assess the appropriateness of the application and determine whether the relief is applicable.

10 Cancellation of relief

10.1 The Council may end or remove relief under the following circumstances:

- Information supplied by the applicant is incorrect

- Information supplied by the applicant is fraudulent
- The applicants financial circumstances change
- The applicant vacates the property

10.2 Where the relief is is removed or reduced under 10.1 above the amount of the reduction will be added to the applicant’s council tax bill for the relevant period.

11 Fraudulent applications

11.1 Where an applicant applies for relief and provides false information or evidence they may have committed an offence under the Fraud Act 2006. If the Council suspects that fraud may have been committed the matter will be inevstgated and may lead to criminal proceedings.

12 Appeals

12.1 Appeals must be sent to the Council in writing stating the reason for the appeal.

12.2 Appeals must be received 30 days after the issue date of the letter of refusal. Appeals received after this date will not be considered.

12.3 Appeals will be considered by an officer of the Council delegated to do so by the Strategic Director – Finance and Investments. The applicant shall be notified of the outcome within 30 days of receipt of the appeal.

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Appendix B

Council Tax discretionary relief estimated budget

Band	Properties	Charge	Average CTS award	Annual charge	Monthly charge	Maximum award (2 months)
C	44,576	£1,183.70	£402.46	£781.24	£65.10	£130.21

Budget	£50,000

Maximum awards

Type	Maximum number awards **	Maximum relief
Relief where CTS has been granted	375	£48,828
Extreme hardship		£1,172
Budget		£50,000

** Based on full 2 month award at band C

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APPENDIX C

Budget Proposals

Equality Impact Assessment

Section 1: General information

1a) Name of proposal – Council Tax Discretionary Rate Relief

1b) Services Area – Revenues & Benefits

1c) Divisional Director – Andrew Kupusarevic

1d) Name and role of officer/s completing EIA – Stuart kirby

Section 2: Information about changes to the services

2a) In brief please explain the savings proposals and the reason for this change

To create a Council Tax Discretionary relief policy to support Council Tax Payers experiencing extreme financial hardship.

2b) What are the equality implications of your proposals

There is a limited budget and relief will only be granted for 2 months. This will limit the number of Council Tax Payers that can be helped.

Section 3: Equality Impact Assessment

With reference to the analysis above, for each of the equality strands in the table below please record and evidence your conclusions around equality impact in relation to the savings proposal

Race *Identify the effect of the policy on different racial groups*	Will the change in your policy/ service have an adverse impact on specific ethnic groups? Please describe the analysis and interpretation of the evidence to support your conclusion No

Disability *Identify the effect of the policy on different disability groups*	Will the change in your policy/ service have an adverse impact on disabled people? Please describe the analysis and interpretation of the evidence to support your conclusion No the policy is based solely upon the financial situation of the

	applicant. The criteria for successfully qualifying will be linked to the applicant's basic and essential expenditure. Any expenditure related to a disability will be taken into account.

Gender *Identify the effect of the policy on different gender(inc Trans) groups*	Will the change in your policy/ service have an adverse impact on men or women? Please describe the analysis and interpretation of the evidence to support your conclusion There is no evidence to suggest this will affect this group.

Sexual orientation *Identify the effect of the policy on members of the LGB community*	Will the change in your policy /service have an adverse impact on gay, lesbian or bisexual people? Please describe the analysis and interpretation of the evidence to support your conclusion There is no evidence to suggest this will affect this group.

Religion and belief / those of no belief *Identify the effect of the policy on different religious and faith groups*	Will the change in your policy /service have an adverse impact on people who practice a religion or belief? Please describe the analysis and interpretation of the evidence to support your conclusion There is no evidence to suggest this will affect this group.

Age *Identify the effect of the policy on different age groups*	Will the change in your policy/ service have an adverse impact on specific age groups? Please describe the analysis and interpretation of the evidence to support your conclusion There is no evidence to suggest this will affect this group.

Socio- economic *Identify the effect of the policy in relation to socio economic inequalities*	Will the change in your policy /service have an adverse impact on people with low incomes? Please describe the analysis and interpretation of the evidence to support your conclusion There is no evidence to suggest this will have an affect upon people on low income.

Other Identify if there are groups other than those already considered that may be adversely affected by the policy e.g. Carers	Will the change in your policy /service have an adverse impact on any other people (e.g. carers) Please describe the analysis and interpretation of the evidence to support your conclusion N/A

Staff *Identify if there are any staff groups that maybe adversely affected by the policy*	Will the change in your policy /service have a particular adverse impact on staff from any of the equalities categories? Please describe the analysis and interpretation of the evidence to support your conclusion N/A

Section 4: Equality Impact Assessment Action Plan

Please list in the table below any adverse impact identified and, where appropriate, steps that could be taken to mitigate this impact.

If you consider it likely that your proposal will have an adverse impact on a particular group (s) and you cannot identify steps which would mitigate or reduce this impact, you will need to demonstrate that you have considered at least one alternative way of delivering the change which has less of an adverse impact. You will be required to provide updates on the actions until they are completed, so it is important they are SMART.

Adverse impact	**Please describe the actions that will be taken to mitigate impact**	**Outcomes**

Section 5: Future Review and Monitoring.

Please explain how and when the impact of these changes will be reviewed This policy will be reviewed annually. The number and value of awards will be monitored and any impact upon a specific group will be identified.

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CABINET

15 February 2016

Title: Treasury Management Strategy Statement 2016/17	
Report of the Cabinet Member for Finance	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** Yes
Report Author: David Dickinson, Group Manager Pensions and Treasury	**Contact Details:** Tel: 020 8227 2722 E-mail: david.dickinson@lbbd.gov.uk
Accountable Director: Jonathan Bunt, Strategic Director, Finance & Investment	

Summary

This report deals with the Treasury Management Annual Strategy Statement, Treasury and Prudential Indicators, Annual Investment Strategy and borrowing limits, in compliance with Section 15(1)(a) of the Local Government Act 2003.

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.

The Local Government Act 2003 also requires the Council to have regard to the Prudential Code, and to set prudential indicators which take into account the Council's capital investment plans for the next three years.

Recommendation(s)

The Cabinet is asked to recommended the Assembly to:

(i) Adopt the Treasury Management Strategy Statement for 2016/17 and, in doing so, to:

a) Note the current treasury position for 2016/17 and prospects for interest rates, as referred to in section 6;

b) Approve the Council's Borrowing Strategy, Debt Rescheduling Strategy and Policy on borrowing in advance of need for 2016/17 as referred to in section 9;

c) Approve the Annual Investment Strategy and Creditworthiness Policy for 2016/17 outlining the investments that the Council may use for the prudent management of its investment balances, as set out in Appendix 2.

d) Approve the Authorised Borrowing Limit of £800m for 2016/17, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as set out in Appendix 4;

e) Approve the Treasury Management Indicators and Prudential Indicators for 2016/17, as set out in Appendix 4;

f) Approve the Minimum Revenue Policy Statement for 2016/17, representing the Council's policy on repayment of debt, as set out in Appendix 5; and

g) To maintain the authority delegated to the Strategic Director, Finance & Investment, in consultation with the Cabinet Member for Finance, to proportionally amend the counterparty lending limits agreed within the Treasury Management Strategy Statement to take into account the increase in cash from the European Investment Bank but also the subsequent decrease in cash balances as payments are made to the Special Purpose Vehicle.

h) To next review this delegated responsibility as part of the 2015/16 Treasury Management Outturn Report to Assembly

Reason(s)
To enable the Council to accord with the requirements of the Local Government Act 2003.

1. Introduction and Background

1.1 The Council is required to operate a balanced budget, with cash raised during the year sufficient to meet the Council's cash expenditure. Treasury management supports the Council by seeking to ensure its cash flow is adequately planned, with cash being available when it is needed. Surplus cash is invested in counterparties or instruments commensurate with the Council's risk appetite, providing adequate security and liquidity while also considering the investment return.

1.2 A second function of treasury management is funding the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses.

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

2. Reporting Requirements

2.1 The Council is required to receive and approve at least three main treasury reports each year. These reports are required to be adequately scrutinised by Cabinet before being recommended to the Council. The three main treasury reports are:

i. **The Treasury Management Strategy Statement (TMSS)** is the most important report and takes into account the impact of the Council's proposed Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators (PIs) and the outlook for interest rates. In addition the current market conditions are factored into any decision making process.

ii. **An Annual Treasury Report** which outlines the actual PIs, treasury indicators and treasury operations compared to the estimates within the strategy.

iii. **A Mid-Year Treasury Management Report** to update Members on the progress of the capital position, amending PIs and investment strategy as necessary.

2.2 As the Council is responsible for housing, PIs relating to capital expenditure, financing costs and the Capital Financing Requirement (CFR) are split between the Housing Revenue Account (HRA) and the General Fund (GF). The impact of new capital investment decisions on housing rents will also need to be considered.

2.3 This report provides an explanation of the key elements of the Council's Treasury Management Strategy, its Minimum Revenue Provision (MRP) Strategy, the Annual Investment Strategy (AIS) for 2016/17 and the borrowing strategy, which are set out in detail in the appendices attached to this report.

3. Treasury Management Strategy for 2016/17

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

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

3.3 The Council has adopted the Department of Communities and Local Government (DCLG) investment guidance that came into effect from 1 April 2010. The strategy for 2016/17 covers two main areas:

<u>Treasury Management Issues</u>

- Current Portfolio Position;
- Treasury Position at 31 March 2015;
- Medium term capital finance budget;
- Treasury Management Advisors;
- Economic Update and Rate Forecast;
- The Annual Investment Strategy and Investment Policies;
- The Capital Expenditure Plans 2016/17 – 2018/19;
- The Council's Borrowing Strategy and Borrowing Requirement; and
- Treasury indicators which limit the treasury risk and activities of the Council.

<u>Capital Issues</u>

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

4. Current Portfolio Position

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

4.2 The Council's year-end (31 March) cash balances since 2012/13 are shown below:

2015/16 - £220m (estimate)
2014/15 - £218m
2013/14 - £120m
2012/13 - £110m

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

- Capital grants and Section 106 funds received in advance of expenditure;
- General Fund, Housing Revenue Account and School cash balances;
- Earmarked Reserves and provisions;
- Capital Receipts and Working Capital;
- European Investment Bank Loans to fund regeneration; and
- Public Works Loan Board and bank loans to fund capital expenditure.

4.4 Table 1 below shows the Council's investments and borrowing balances as at 31 December 2015, including the average life and the Rate of Return. The loans have been split between HRA borrowing and GF borrowing to match the two pool approach the Council has adopted for borrowing. The Council invests all cash in one investment pool, with interest distributed between the HRA, schools and GF.

Table 1: Council's Treasury Position at 31 December 2015

	Principal Outstanding 31/12/2015 £'000s	Average Life as at 31/12/2015 (yrs)	Average Rate of Return 31/12/2015 %
Housing Revenue Borrowing			
Public Works Loan Board	265,912	40.06	3.50
General Fund Borrowing			
Long Term Borrowing	129,000	47.77	2.76
Short Term Borrowing	66,005	0.07	0.44
Total General Fund Debt	**195,005**	**31.62**	**1.98**
Total Borrowing	**460,917**	**36.49**	**2.86**
Investments (In-House)	258,461	0.99	1.27
Net Borrowing	**202,456**		

4.5 **Medium Term Capital Finance Budget**

A key part of the Council's budget strategy is the medium term capital finance budget shown as Table 2. It is a statutory requirement that the level of borrowing is kept under review and is affordable.

Table 2: Medium Term Capital Finance Budget

£'000s	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget
MRP	7,088	4,738	5,238	5,738
GF Interest Payable	2,251	2,251	5,251	5,251
HRA Interest Payable	9,294	10,059	10,059	10,059
Investment Income	(2,010)	(2,570)	(2,570)	(2,570)
Net Cost	16,623	14,478	17,978	18,478

4.6 Treasury Position at 31 March 2015

The Council's treasury portfolio position at 31 March 2015, with forward projections are summarised in table 3. The table shows the actual external debt against the underlying capital borrowing need (CFR), highlighting any over or under borrowing. The CFR and the Gross Debt includes borrowing to fund the first Barking & Dagenham Reside scheme as well as the borrowing from the EIB to fund Abbey Road Phase 2 and the Gascoigne Regeneration.

Table 3: Treasury Position at 31 March 2015, with Forward Projections

£'000s	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
External Debt					
Debt at 1 April	315,912	394,912	404,912	404,912	404,912
Expected change in Debt	79,000	10,000	0	0	0
Other long-term liabilities	58,078	55,245	52,308	49,407	47,707
Reside 1 Debt	84,847	84,481	84,100	83,703	83,291
Gross Debt at 31 March	**537,837**	**544,638**	**541,320**	**538,022**	**535,910**
CFR	**578,098**	**589,112**	**631,980**	**649,350**	**652,401**
Under / (over) borrowing	**40,261**	**44,474**	**90,660**	**111,328**	**116,491**

5. **Treasury Management Advisors**

5.1 The Council uses Capita Asset Services (CAS) for external treasury advice. However the Council recognises that it is ultimately responsibility for all treasury management decisions and will ensure that undue reliance is not placed on the external advisors.

5.2 The Council recognises that there is value in receiving advice from an external treasury advisor 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 documented, and subjected to regular review. For its cash flow generated balances, the Council will utilise a range of investment instruments, as agreed within the Annual Investment Strategy restrictions (appendix 1) in order to benefit from the compounding of interest.

6. Economic Update and Rate Forecast

6.1 The Bank Rate Forecast to 2019 is provided below. These indicate a slow but steady increase in rates, potentially starting towards the end of 2016 or early 2017.

Q1 2017 0.75%
Q1 2018 1.25%
Q1 2019 1.75%

6.2 Economic forecasting remains difficult with many external influences weighing on the UK. Bank Rate forecasts are liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.

6.3 Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

6.4 The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. An eventual world economic recovery will also see investors switching from the safe haven of bonds to equities.

6.5 The United States Federal Reserve (the Fed) increased rates in December 2015 and is likely to increase more strongly than Bank Rate in the UK. These increases will have a corresponding effect of pushing up US Treasury and UK gilt yields. While there is usually a high degree of correlation between the two yields, it is expected that there will be a decoupling of yields between the two i.e. US yields to go up faster than UK yields.

6.6 The overall balance of risks to the UK's economic recovery is currently to the downside. Only time will tell how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

6.7 There is currently an exceptional level of volatility within the bond markets which are highly correlated to emerging market, geo-political and sovereign debt crisis developments.

6.8 Downside risks to current forecasts for UK gilt yields and PWLB rates include:

- Emerging economy currencies and corporates destabilised by falling commodity prices and/or Fed rate increases; Geopolitical risks in Eastern Europe, the Middle East and Asia increasing investments in gilts thereby reducing yields.
- UK economic growth and increases in inflation are weaker than anticipated.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government support.

- Monetary policy action failing to stimulate sustainable growth and combat the threat of deflation in western economies, especially the Eurozone and Japan.

6.9 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The pace and timing of increases in the Fed rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

6.10 A detailed economic update is included as Appendix 1 of this report.

7. The Annual Investment Strategy and Investment Policies

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

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

i. **Security** of the investment capital: Minimising the risk of losing cash arising from a bank failure and consequent default (as occurred with Icelandic Banks in 2008).

ii. **Liquidity** of the investment capital: Ensuring the Council will have access to cash as required to meet daily expenditure obligations.

iii. **An optimum yield** which is commensurate with security and liquidity: The return provided will be considered alongside security and yield in order to achieve the target return required to meet the interest budget.

7.3 The Annual Investment Strategy (AIS) is attached Appendix 2 of this report. It is the Council's responsibility to agree an appropriate minimum acceptable credit quality of counterparties for inclusion on the lending list in the AIS in accordance with the above principles. A creditworthiness methodology has been used to create the counterparty list, which takes into account 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 CAS ratings service, banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

7.4 Withdrawal of Implied Sovereign Support

7.4.1 The main rating agencies, namely Fitch, Moody's and Standard & Poor's (S&P) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these “uplifts” with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have “netted” each other off, to leave underlying ratings either unchanged or little changed.

7.4.2 A consequence of these new methodologies is they have lowered the importance of Fitch’s Support and Viability ratings and have seen Moody’s Financial Strength rating withdrawn by the agency. As a result of this change the rating element of the Council’s credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used for S&P, this has been a change in the use of Fitch and Moody’s.

7.4.3 The evolving regulatory environment, in tandem with the rating agencies’ new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. During the financial crisis the Council assigned the highest sovereign rating (AAA) to its investment criteria. The new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AA. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.

7.4.4 It is important to stress that these rating agency changes do not reflect changes in the underlying status or credit quality of the institution but merely reflect a reassessment of rating agency methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the “support” phase of the financial crisis.

7.5 Bail in Legislation

7.5.1 As part of regulation changes within the banking sector the UK Government will remove the expectation that governments will support financial institutions in the event of an institution fail. This move is to set aside a structure that will be followed should a financial institution fail. To do this the UK Government has agreed a process to deal with a financial institution failure, which includes the option for institutional investors to lose part of their invested cash as part of a “bail in”.

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

7.5.3 One area of concern is the potential for the rating agencies to downgrade the banks the Council currently is invested with due to the loss of the implied government support. This potentially would bring them below the minimum credit rating agreed by the Council in the 2015/16 TMSS. As a result, where the credit rating is taken into account, it is recommended that the minimum credit rating criteria be revised from A / F1 to A- F2. This change is reflected in the Annual Investment Strategy (Appendix 2).

7.6 Treasury Savings Targets

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

7.6.2 In order for Treasury to support the significant savings target the Council has for 2016/17 to 2017/18, Members agreed a number of savings targets for treasury as outlined in table 4 below, which shows the accumulative effect of the savings. A total of £1.6m worth of savings will have been removed from the annual treasury budget from 2017/18.

Table 4: Treasury Savings Targets for 2016/17 to 2017/18

Saving Reference	Savings Proposal	2015/16 £000	2016/17 £000	2017/18 £000	Total £000
CEX/SAV/27	Increase in Average Return as Rates Rise	500	500	250	1,250
CEX/SAV/29	Increase Counterparty Risk	250	0	0	250
CEX/SAV/54e	Increase Duration Risk	100	0	0	100
	Total Savings	**850**	**500**	**250**	**1,600**

7.7 Return Target 2015/16 to 2017/18

7.7.1 To achieve the interest target the treasury section needs to achieve the following average returns on an estimated average cash balance of £140m (excluding EIB):

2015/16 1.25%
2016/17 1.60%
2017/18 1.80%

7.7.2 The increased return is heavily reliant on interest rates increasing from their current near historic lows. The increase does not need to occur in the first half of 2016 as treasury team has secured a return through longer dated investments, which is currently expected to achieve the 1.60% return for 2016/17. However if rates do not increase by early 2017 then the return target for 2017/18 will be very challenging to meet without significantly increasing either the duration risk and / or the counterparty risk.

7.8 Risk Monitoring

7.8.1 The Council recognises 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 takes account of information that reflects the opinion of the markets.

7.8.2 To this end the Council will engage with its advisors to maintain a monitor on market pricing such as Credit Default Swaps (CDS). However due to the volatility of the CDS market, this will be monitored but will not be included in the investment rating of any financial institutions.

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

7.8.4 The aim of the strategy is to generate a list of 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 to minimise risk to the level agreed by Members and included in the Investment Strategy.

7.9 Proposed Strategy Changes

The changes in investment strategy compared to the 2015/16 TMSS include:

7.9.1 **Duration Risk**: Generally the longer the duration of an investment the better the return. There are a number of risks associated with this including:

i. the risk of locking in a low rate for a long period; and
ii. liquidity risks as the cash will not be available for the Council to use.

To achieve the interest income budget set, without taking significant risk the treasury section has sought to increase the duration of a number of investments during 2015/16 where opportunities have arisen to do so. This strategy will continue in 2016/17, although the benefit from higher returns will be weighed against the risk of locking in investments at low rates at a time when there is a view that interest rates will begin to increase.

7.9.2 **Counterparty Risk:** During 2016/17 the Council will continue to use the creditworthiness service provided by its advisor, Capita Asset Services, which employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

i. credit watches and credit outlooks from credit rating agencies;
ii. Sovereign ratings to select counterparties from only creditworthy countries.

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

The financial institutions the Council invests with all have credit ratings and as a general rule, the lower the credit rating the higher the return. The Council has historically had a prudent, although not completely risk adverse, approach to treasury investments.

The Council have agreed that in order to increase investment income treasury will be able to take additional risk. The additional risk proposed includes:

i. Maintain the Royal Bank of Scotland limit for deals at £90m with a maximum duration of two years.
ii. Remove the specific limit for Certificate of Deposits.
iii. Increase the individual Local Authority Limit over one year to £40m per authority and remove the total Local Authority Limit.
iv. Revise the minimum credit rating from A / F1 to A- F2.

7.9.3 **Short Term Borrowing**: Currently there is little return (approximately 0.50%) gained from investing over a short-term period and therefore the main focus of the investment strategy will be to take advantage of investments over the medium term (one to three years) where returns of 1.0% to 1.82% is available.

In addition there is a significant difference of approximately £40m between the Councils highest cash balance in February to June and its lowest cash balance in December to January.

To take advantage of medium term investment opportunities as they arise and to allow the Council to smooth the volatility of its cash flow, without overly relying on short-term investments, it will be necessary for the Council to carryout short-term borrowing. Where short-term borrowing is required this will be secured as early as possible to ensure liquidity risk is reduced. Short-term borrowing will also predominantly be from other Public Sector bodies.

7.9.4 **Lloyds Banking Group**

The Council has, over the past three years, held a high allocation to Lloyds Banking Group (Lloyds) as it was viewed as having an implied guarantee from the UK government, which held a significant number of Lloyds shares.

In the 2015/16 Investment Strategy the limit for Lloyds was £80m with a maximum investment duration of three years. This limit was dependent on the UK Government holdings of Lloyds shares remaining above 10%. On 29 October 2015 the Government reduced its holdings of Lloyds shares to less than 10%, with a view to sell the remaining shares as soon as possible. As a result the Council's exposure to Lloyds was reduced to £34.5m as at 29 January 2016.

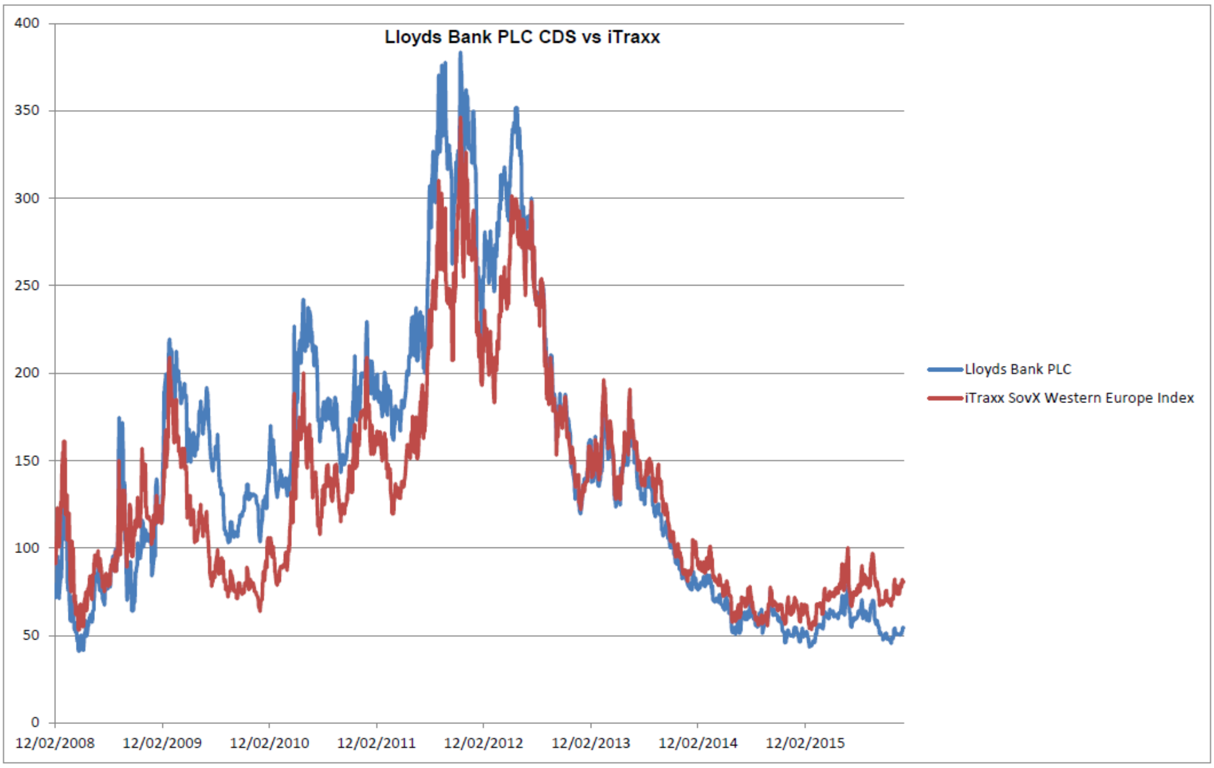
In the 2016/17 TMSS, as part of the overall investment strategy of taking more risk, it is proposed to maintain the duration for Lloyds at 3 years, with a limit of £50m.

CAS, the Council's Treasury Advisors, suggested investment duration with Lloyds is currently 6 months.

In terms of the rating agencies, Fitch's long term rating for Lloyds is A+, which is equivalent to Moody's rating of A1. These ratings are higher than S&P's long-term rating for Lloyds, which was downgraded to A in 2011. All three agencies affirm a stable medium term view on Lloyds at present.

A graph showing the movements in Lloyd's CDS prices over the years 2008 to 2015 benchmarked against the iTraxx, which is used to illustrate credit risk. The graph illustrates the spikes in Lloyds CDS prices over the first five years following the effects of the financial crisis, with the main reason for the spike being Lloyds merger with HBOS. In the latter two years, the graph presents a much more convincing picture as Lloyds' CDS prices have fallen below the iTraxx benchmark.

Chart 1: Lloyd's CDS prices (2008 to 2015) benchmarked against the iTraxx



In terms of outlooks, all three ratings agencies changed their methodologies mid-2015, which saw alterations to Lloyds' outlook positions. Moody's revised their bank methodology and changed their outlook on Lloyds to positive on 05/06/2015. Moody's placed Lloyds in the group of other UK banks which they believed to reflect a positive trend, more importantly in terms of the bank's capital and asset quality, but also in terms of their profitability.

S&P changed its outlook on Lloyds to stable on 29/07/2015 to reflect their view that Lloyds over the next two years will continue to build its capital buffer and will see improvements to its statutory earnings. Further, they believe that Lloyds will maintain a risk-adjusted capital ratio in line with S&P's ratio of around 8.5-9% and while they believe asset growth will continue, they do not expect this to be at the expense of any increase in risk appetite. Similarly, on changing its rating methodology, Fitch changed its rating outlook for Lloyds to stable on 14/05/2015 despite the negative outlook on their issuer ratings, with this being primarily due to the fact that Lloyd's bond prices were significantly above their 'a-' viability rating at the time.

As the Authority is considering taking on more credit risk by lending longer than CAS's suggested 6 months, up to 3 years the long-term ratings are more relevant than the short term ratings. The current definition (and therefore the credit opinion) of the rating agencies based on the above long-term ratings are as follows:

	Fitch	Moodys	S&P
Long Term Rating:	**A+**	**A1**	**A**

Definition of Long Term Rating: Very high credit quality Superior credit quality Possibly more prone to adverse effects of changes in circumstances than higher-rated categories.

<u>The justification for differing from the Capita limits is outlined below:</u>

On 1st December 2015, stress tests were conducted and Lloyds comfortably passed these tests.

Currently all Lloyds ratios and stress testing results confirm that Lloyds is one of the strongest UK banks and is ranked the 16th largest bank in the world. Lloyds has the lowest CDS of all financial institutes (49.3bps compared to 72.7bps for HSBC) and has tier 1 capital (core equity capital compared to total risk weighted assets) of 13.7%, which is higher than any other UK bank and provides a significant buffer if there were to be a run on the bank. It performed very well in the recent stress tests and is rated A+ by Fitch (marginally behind HSBC at AA-).

There is still a risk from bail-in but Lloyds would need to write-off £52.8b (mainly mortgages and small business loans) before unsecured senior creditors (the Council) would be affected. That would mean that the equity and sub debt would need to be wiped out before the Council's investments would be affected. This is a bigger loss than the loss incurred when Lloyds absorbed HBOS and is a very unlikely scenario.

Currently Lloyds are paying relatively high returns over the two year and three year period (between 1.40% and 1.82%). If Lloyds did not provide sufficient reward for the risk taken then the additional duration risk would not be taken. However if the rates remain high then the treasury section would seek to take advantage of these.

7.10 **HRA Investments**

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

7.10.2 Where there is agreement between the Strategic Director, Finance & Investment (SDF&I) and the Strategic Director Growth and Homes, individual investments can be ring-fenced for the HRA, with the allocations made within the Council's overall treasury strategy requirements.

7.10.3 For further details please refer to the HRA Business Plan.

7.11 **Derivatives:** The use of derivative financial products will continue to be excluded from the strategy.

8. The Capital Expenditure Plans 2016/17 – 2018/19

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

8.2 Table 5 below shows the proposed capital expenditure over the coming three financial years. It is a requirement of the Prudential Code to ensure that capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and, in the case of the HRA, housing rent levels.

Table 5: Proposed Capital Expenditure 2016 to 2019

Capital expenditure	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
General Fund	67,275	53,253	105,838	76,480	11,740
HRA	78,544	81,493	79,059	56,070	63,128
Total	**145,819**	**134,746**	**184,897**	**132,550**	**74,869**
Financed by:					
Capital Grants	47,724	48,816	63,206	49,906	0
Section 106	1,187	119.319	1,000	-	0
Revenue Contributions	13,161	1477.421	875	400	400
Capital Receipts	51,861	40,730	56,568	45,338	47,378
HRA Contributions	14,035	22,920	11,741	10,732	15,750
Sub-Total	**127,966**	**114,063**	**133,390**	**106,376**	**63,528**
Net financing need for the year	**17,853**	**20,683**	**51,507**	**26,174**	**11,340**

8.3 The estimated financing need for the year in Table 5 represents a shortfall of resources resulting in a requirement to borrow. This underlying need to borrow is the CFR. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. Any capital expenditure above, which has not immediately been paid for, will increase the CFR. A portion of the net financing need has already been borrowed as this relates to the Abbey Road Phase 2 and Gascoigne regeneration schemes which was borrowed from the European Investment Bank in January 2015.

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

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

8.6 In addition sufficient headroom has been included within the Operational Boundary and Authorised Limit if it is necessary for the costs of Reside to be included within the CFR. The estimated additional costs and subsequent increase in the CFR if Reside were included would be an estimated £220m, although the structure would mean that no additional long term borrowing would be required.

8.7 There is potential that the work undertaken by the Growth Commission and Ambition 2020 programme will lead to a change in the Capital Expenditure Plans and, in turn, the Operational Boundary and Authorised Limit. Should any significant changes occur then these will be reflected in the Treasury 2015/16 Outturn Report and/or the Treasury Mid-Year review.

9. The Council's Borrowing Strategy and Borrowing Requirement

9.1 The decision to borrow is a treasury management decision and is taken by the SPF&I under delegated powers of the Council's constitution. The key objective of the Council's borrowing strategy is to secure long term funding for capital projects at borrowing rates that are as low as possible. This can result in a trade off of short term returns on deposits to obtain the best possible rate on long term borrowings.

9.2 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 during the midyear period 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, 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 the relatively recent past, the Council has not had these funds available and therefore has had to borrow.

9.3 Treasury management, and borrowing strategies in particular, continues to be influenced by the absolute level of borrowing rates and also the relationship between short and long term interest rates. Rate forecasts indicate that interest rates will remain low until 2017 which creates a "cost of carry" between what is paid on the borrowing and what is earned on the investment for any new longer term borrowing. This is because borrowing requirements are generally over a long term period of up to 50 years, while cash is currently being invested for a maximum of a year.

9.4 As a result the Council expects to maintain an under-borrowed position throughout 2016/17. This means that the CFR will not be fully funded with loan debt during the year as cash supporting the Council's reserves, balances and cash flow will be used as a temporary measure. This strategy is prudent as it reduces the "cost of carry" while investment returns remain low, as well as reduces the Council's counterparty risk, which continues to be high and is likely to will continue throughout 2016/17.

9.5 As circumstances can change during the year, the SPF&I will monitor interest rates and adopt a flexible approach to any changes. The Council's borrowing strategy will also 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 low and cash flow forecasts indicate that borrowing is not required;
- Consideration given to weighing the short term advantage of internal borrowing against long term costs if long term borrowing rates increase more than forecast;
- Using PWLB, the EIB or Local Authorities for fixed term and variable rate loans;
- Maintain an appropriate debt balance between PWLB and market debt;
- Ensure new borrowings are drawn at suitable rates and periods; and
- Consider the issue of stocks and bonds if appropriate.

9.6 The Council has £40m of fixed rate Lender's Options Borrower's Option (LOBO) loans and all of them will be in their call period during 2016/17. A LOBO is called when the Lender exercises its right to amend the interest rate on the loan at which point the Borrower (the Council) can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the Council since the decision to call a LOBO is entirely at the Lender's discretion. As LOBOs currently make up 10.1% of the total long term external debt portfolio and that the Council is operating with high cash balances, this is not a significant risk. Any LOBO called will have the default position of repayment of the LOBO without penalty, i.e. the revised terms will not be accepted.

9.7 **European Investment Bank (EIB) Borrowing:** In 2014/15 Cabinet agreed to borrow £89m from the European Investment Bank (EIB) and £4.5m from the PWLB which will be used as outlined below:

- £66.0m from the EIB to finance the Gascoigne Estate (East) Phase 1;
- £4.5m from the PWLB to fund 50% of 51 private for sale units; and
- £23.0m from the EIB to finance Abbey Road Phase 2.

The EIB borrowing will be a liability for the Council and will be include in the Council's CFR but will then be placed within a Special Purpose Vehicle (SPV), which will then be used to manage the repayment of the borrowing and interest as well as the funding of the regeneration of the Gascoigne Estate (East) Phase 1 and the Abbey Road Phase 2. The SPV will pay for these costs through the rental returns generated.

Although investment decisions will be made on behalf of the SPV, with interest returns paid to the SPV, as the risk will remain with the Council, any investment will need to be made within the parameters set within this report.

The drawdown of the full £89m was completed on 30 January 2015 at a rate of 2.207%. The £4.5m proposed to be borrowed from the PWLB will now be borrowed using internal borrowing.

To allow treasury to maintain flexibility to manage the increase in cash it is recommended that Members agree to maintain the authority delegated to the

SPF&I, in consultation with the Cabinet Member for Finance, to proportionally amend the counterparty lending limits agreed within the TMSS to take into account the initial increase in cash from the EIB but also the subsequent decrease in cash balances as payments are made to the SPV.

9.8 **Green Investment Bank (GIB) Borrowing**

At its meeting on 2 December 2015 the Council agreed to borrow £7.5m from the GIB arising from the Cabinet's decision under Minute 67, 10 November 2015 to finance the Low Energy Street Light Replacement Programme via the UK GIB Green Loan. Officer are currently negotiating contracts with the GIB, with a likely agreement completed by 31 March 2016

9.9 **HRA Self Financing**

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

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

The Council has adopted a two loans pool approach for long term debt.

- The full £265.9m of PWLB long term debt from the HRA reform settlement is allocated to the HRA, with the remaining £129.0m of debt (including EIB borrowing) allocated to the GF; and

- All future long term loans are allocated into either the HRA or GF pool.

A breakdown of the HRA borrowing is provided in table 5 below:

Table 5: HRA borrowing:

Loan Type	Loan Amount	Maturity profile	Interest Rate
	£'000s	Yrs	%
PWLB	50,000	25	3.51
PWLB	50,000	35	3.52
PWLB	50,000	43	3.49
PWLB	50,000	44	3.48
PWLB	65,910	45	3.48
Total	**265,910**		

The HRA debt cap is currently set at £277.65m; however the Council has recently been given approval from the Department for Communities and Local Government, to exceed this by £3.2m in 2016/17 and by a further £10.75m in 2016/17, making the new total cap £291.60 onwards from 2016/17.

9.10 **Repayment of Borrowing**

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

The reasons for any rescheduling to take place will include:

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

No loans are proposed to be repaid in 2016/17.

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.

9.11 **Policy on borrowing in advance of need**

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

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.

Given that the Council has held a significant under borrowing position over the past years, the borrowing of £89 million from the EIB has not resulted in the Council borrowing in advance of its needs.

Current forecasts indicate that it is unlikely that the Council will seek to borrow in advance in 2016/17.

10. Minimum Revenue Provision Policy Statement

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

10.2 The Council are asked to approve the Minimum Revenue Provision Statement set out in Appendix 5.

11. Member and Officer Training

11.1 The CIPFA Code requires the responsible officer, the SPF&I, to ensure that members with responsibility for treasury management receive adequate training in treasury management. Training will be arranged for Members as required. The training needs of treasury management officers are periodically reviewed.

12. Financial Implications

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

13. Legal Implications

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

13.1 The Local Government Act 2003 (the "Act") requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Council also has to 'have regard to' the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out its functions under the Act.

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

14. Other Implications

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

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

List of appendices:

- Appendix 1 – Economic Update
- Appendix 2 – Annual Investment Strategy
- Appendix 3 – Interest Rate Forecasts 2016 – 2019
- Appendix 4 – Prudential Indicators 2016/17 – 2017/18
- Appendix 5 – Minimum Revenue Provision Policy Statement
- Appendix 6 – Treasury management scheme of delegation

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Appendix 1

Economic Update

United Kingdom

UK GDP growth rates of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again. Quarter 1 of 2015 was weak at +0.4% (+2.9% y/y), although there was a slight increase in quarter 2 to +0.5% before weakening again to +0.4% (+2.1% y/y) in quarter 3. The Bank of England's November 2015 Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.2%.

The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. However, it is unlikely that the MPC would start raising rates until wage inflation was expected to consistently stay over 3%, as a labour productivity growth rate of around 2% would mean that net labour unit costs would still only be rising by about 1% y/y. The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon.

The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. However, the first round of falls in oil, gas and food prices in late 2014 and in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but only to be followed by a second, more recent, round of falls in fuel and commodity prices which will now delay a significant tick up in inflation from around zero. CPI inflation is now expected to get back to around 1% in the second half of 2016 and not get near to 2% until 2017, though the forecasts in the Report itself were for an even slower rate of increase. It is also possible that there could be a further round of falls in the cost of oil and commodity imports during 2016, driven by both a fall in prices and a fall in the value of currencies of emerging countries. This could cause a further delay in the pick up in inflation.

There is, therefore, considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, accordingly, arguments that rates ought to rise sooner and quicker, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would aggressively raise rates until they are sure that growth was securely embedded and 'noflation' was not a significant threat.

The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively during 2015 from Q4 2015 to Q2 2016. Increases after that are also likely to be at a much slower pace, and to much lower final levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers and householders than they did before 2008. There has also been an increase in momentum towards holding a referendum on membership of the EU in 2016, rather than in 2017, with Q3 2016 being the current front runner in terms of timing; this could impact on MPC considerations as to whether to hold off from a first increase in Q2.

The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November Budget.

USA

GDP growth in 2014 of 2.4% was followed by Q1 2015 growth, which was depressed by exceptionally bad winter weather, at only +0.6% (annualised). However, growth rebounded remarkably strongly in Q2 to 3.9% before falling back to +2.0% in Q3.

Until the turmoil in financial markets in August, caused by fears about the slowdown in Chinese growth, it had been expected that the Fed would start to increase rates in September. The Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, as well as a 20% appreciation of the dollar which has caused the Fed to lower its growth forecasts.

Although the non-farm payrolls figures for growth in employment in August and September were disappointingly weak, the October figure was stunningly strong while November was also reasonably strong; this, therefore, opened up the way for the Fed. to embark on its first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

Euro Zone

In the Eurozone, the ECB started a €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme has had a small positive effect in helping a recovery in consumer and business confidence and a start to some improvement in growth. GDP rose to 0.5% in quarter 1 2015 (1.3% y/y) but eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

China

As for China, the Government has been very active during 2015 and the start of 2016 in implementing several stimulus measures to try to ensure the economy hits the growth target of 7% for the current year. It has also sought to bring some stability after the major fall in the onshore Chinese stock market during the summer and then a second bout in January 2016. Many commentators are concerned that recent growth figures could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of the bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that the EU would be envious of. Nevertheless, there are growing concerns about whether the Chinese economy could be heading for a hard landing and weak progress in rebalancing the economy from an over dependency on manufacturing and investment to consumer demand led services. There are also concerns over the volatility of the Chinese stock market, which was the precursor to falls in world financial markets in August and September and again in January 2016, which could lead to a flight to quality to bond markets. In addition, another devaluation of the Chinese currency in January 2016 will put further downward pressure on the currencies of emerging countries dependent for earnings on exports of their commodities.

Emerging Markets

There are also considerable concerns about the vulnerability of some emerging countries, and their corporates, which are getting caught in a perfect storm. Having borrowed massively in dollar denominated debt since the financial crisis, (as investors searched for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields and near zero interest rates into emerging countries), there is now a strong flow back to those western economies with strong growth and a path of rising interest rates and bond yields.

The currencies of emerging countries have therefore been depressed by both this change in investors' strategy, and the consequent massive reverse cash flow, and also by the expectations of a series of central interest rate increases in the US which has caused the dollar to appreciate significantly. In turn, this has made it much more costly for emerging countries to service their dollar denominated debt at a time when their earnings from commodities are depressed by a simultaneous downturn in demand for their exports and a deterioration in the value of their currencies. There are also likely to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates.

Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by the sovereign wealth funds of those countries that are highly exposed to falls in commodity prices and which, therefore, may have to liquidate investments in order to cover national budget deficits.

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Appendix 2

Annual Investment Strategy

1. Treasury Management Practice: Credit and Counterparty Risk Management

In 2010 the CLG issued Investment Guidance, which forms the structure of the Council's policy below (please note that these guidelines do not apply to 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.

To facilitate this objective the guidance requires this Council to have regard to the 2011 revised CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. In accordance with the Code, the Strategic Director -Finance & Investments (SDFI) has produced its treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. The withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions.

This will result in the key ratings used to monitor counterparties being the Short and Long Term ratings only. Viability, financial strength and support ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will 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”.

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.

Investment instruments identified for use in the financial year are listed in this appendix under the ‘specified’ and ‘non-specified’ investments categories.

1.1 Annual Investment Strategy

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

1. The strategy guidelines for choosing and placing investments, particularly non-specified investments.

2. The principles to be used to determine the maximum duration for investments.

3. Specified investments that the Council will use. These are high security and high liquidity investments in sterling and with a maturity of no more than a year.

4. Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

5. An additional consideration is the elevated cash position the Council currently has as a result of borrowing £89m from the European Investment Bank (EIB). The EIB borrowing was completed prior to the completion of Abbey 2 and prior to any work being carried out on Gascoigne,

1.2 Creditworthiness policy

This Council applies the creditworthiness service provided by CAS. This service employs a modelling approach utilising credit ratings from the three main credit rating agencies (Fitch, Moody's & Standard and Poor's). This approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.

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

- **Yellow** 5 years
- **Dark pink** 5 years for enhanced money market fund with a credit score of 1.25
- **Light pink** 5 years for enhanced money market fund with a credit score of 1.50
- **Purple** 2 years
- **Blue** 2 year (only applies to nationalised or semi nationalised UK Banks)
- **Orange** 1 year
- **Red** 6 months
- **Green** 100 days
- **No colour** not to be used

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F2 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

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

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

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

1.3 The Monitoring of Investment Counterparties

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

During 2015/16 UK Government reduced its holding in Lloyds Banking Group (Lloyds) to below 10% and thereby removed the government support provided. This change resulted in the SDFI restricting future investments to those allowable for banks with the same credit rating as Lloyds (currently a Fitch rating of A).

1.4 Use of External Cash Manager(s)

The Council no longer uses an external cash manager within its investment portfolio. Were the Council to use an external cash manager in the future there would be a requirement for the Cash Manager to comply with the Annual Investment Strategy. Any agreement between the Council and the cash manager will stipulate guidelines, durations and other limits in order to contain and control risk. The investment restrictions for a cash manager have been included in the Credit Quality Criteria and Allowable Financial Instruments outlined below.

1.5 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 CDSs, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

1.6 Credit Quality Criteria and Allowable Financial Instruments

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

1.7 Specified Investments - Sterling investments of less than one year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months. These are considered 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 Gilts with less than one year to maturity).

2. Supranational bonds of less than one year's duration.

3. A local authority, parish council or community council.

4. Pooled investment vehicles (PIV) with a high credit rating. This covers PIVs such as money market funds, rated AAA by the rating agencies.

5. A body (i.e. bank of building society), of sufficiently high credit quality.

1.8 Non-Specified Investments

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

Non Specified Investment Category (maturity greater than one year)	
a.	**Supranational Bonds** **(a) Multilateral development bank bonds** These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.). **(b) A financial institution that is guaranteed by the UK Government** The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
b.	**Gilt edged securities**. Government bonds which provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
c.	**The Council's own bank** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible. The Council's current bankers are Lloyds Banking Group which is currently supported by the UK government.
d.	**Any bank or building society** that has a minimum long term credit rating of A- or equivalent, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).

e.	**Share capital or loan capital** in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. There is a higher risk of loss with these types of instruments.
f.	**Pooled property or bond funds** – normally deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies.

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

1.9 Alternative investment instruments

Currently the Council invests its cash with financial institutions, other Local Authorities, with the UK Government or through loans to companies and schools where prior agreement has been made by Cabinet.

There are a range of alternative investments instruments that the Council could invest in and these are reviewed at least annually to see if they meet the Council's risk appetite. There are varying degrees of risks associated with such asset classes and these need comprehensive appreciation. It is not just credit risk that needs to be understood, but liquidity and interest rate / market risk as well, although these can often be intertwined. Any option in which an investor hopes to generate an elevated rate of return will almost always introduce a greater level of risk. By carefully considering and understanding the nature of these risks, an informed decision can be taken. These instruments are summarised below:

Property Funds

The Council's Pension Fund already invests in property funds and these have provided a good rate of return, especially over the past two years. The costs to invest in property and then to disinvest are around 8% but steady income streams and capital appreciation can provide a net return of 6% to 8% per annum.

Investing in property is not risk free and there is the potential to lose not just the investment return but some of the original amount invested and the investment period is generally long term (over 5 years). The use of these instruments can also be deemed capital expenditure, and as such will be an application (spending) of capital resources.

This type of investment is appropriate where a council has an amount of cash that it is unlikely to use over the long term. There is currently some significant uncertainty over the Council's medium term cash position, both positively as the Council uses its cash balances to invest in growth but also as a result of budget pressures reducing the Council's reserves. In addition the Council currently has a significant housing investment strategy which is likely to use a significant part of the Council's cash balances. As a result it is unlikely that the treasury section will seek to invest in a Property Fund.

Challenger Banks

At present Challenger Banks, which includes Metro Bank, Tesco Bank and Aldemore do not have credit ratings and so fall outside of the Council's investment strategy criteria. It is likely that some of these banks will get a credit rating in coming years, and treasury will continue to monitor these banks as the UK banking environment would benefit from additional competition.

Specified Investments and Non-Specified Investments Limits and Criteria

Counterparty / Financial Instrument	Minimum Credit Rating Criteria / Colour Band	Specified Investments		Non-Specified Investments	
		Maximum Duration	Counterparty Limit £m	Maximum Duration	Counterparty Limit £m
Lloyds Banking Group SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds	A+	Up to 1 year	£50m	1 to 3 years	£50m
Government Supported UK Bank – Royal Bank of Scotland SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds	Blue	Up to 1 year	£90m	1 to 3 years	£90m
Other UK Banks & Building Societies SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bond	Yellow Purple Orange Red Green No Colour	N/A N/A Up to 1 year To 6 Months To 3 months Not for use	£30m	1 to 5 years 1 to 2 years N/A N/A N/A N/A	£30m per counterparty
Bond Funds - Corporate Bonds	Short-term F2, Long Term A-	Up to 1 year	£20m	1 to 2 years	£20m
Local Authorities: Term Deposits	Not credit rated	Up to 1 year	£40m per authority	1 to 3 year	£40m per authority
UK Government Treasury Bills Gilts DMADF	UK Sovereign Rating	Up to 1 year	£50m	1 to 5 years	£20m
Money Market Funds (stable NAV only)	AAA	T+1	£30m per Manager	N/A	N/A
Property Funds	N/A	N/A		N/A	£15m

1.9 Use of other Local Authorities

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

1.10 Use of Multilateral Development Banks

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

1.11 Use of Brokers

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

1.12 Country limits and Use of Foreign Banks

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

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

Approved countries for investments (Credit Rating as at 31 December 2015)

Country	**Fitch**	**S&P**	**Moody's**	**Country**	**Fitch**	**S&P**	**Moody's**
Australia	AAA	AAA	Aaa	United States	AAA	AA+	Aaa
Canada	AAA	AAA	Aaa	Abu Dhabi	AA	AA	AA
Denmark	AAA	AAA	Aaa	Belgium	AA	AA	Aa3
Germany	AAA	AAA	Aaa	Kuwait	AA	AA	Aa2
Luxembourg	AAA	AAA	Aaa	New Zealand	AA	AA	Aaa
Netherlands	AAA	AAA	Aaa	Saudi Arabia	AA	AA-	Aa3
Norway	AAA	AAA	Aaa	France	AA	AA	Aa2
Singapore	AAA	AAA	Aaa	Bermuda	AA+	AA-	Aa2
Sweden	AAA	AAA	Aaa	Hong Kong	AA+	AAA	Aa1
Switzerland	AAA	AAA	Aaa	UK	AA+	AAA	Aa1
Finland	AAA	AA+	Aaa	Austria	AA+	AA+	Aaa

1.13 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.

1.14 End of year investment report

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

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APPENDIX 3

Interest Rate Forecasts 2014 – 2018

	NOW	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
BANK RATE	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75
3 month LIBID	0.52	0.50	0.50	0.60	0.80	0.90	1.00	1.10	1.30	1.40	1.50	1.60	1.80	1.90
6 month LIBID	0.66	0.70	0.70	0.80	0.90	1.00	1.20	1.30	1.50	1.60	1.70	1.80	2.00	2.20
12 month LIBID	0.98	1.00	1.00	1.10	1.20	1.30	1.50	1.60	1.80	1.90	2.00	2.10	2.30	2.40
5 yr PWLB	1.92	2.00	2.10	2.20	2.30	2.40	2.50	2.60	2.70	2.80	2.90	3.00	3.10	3.20
10 yr PWLB	2.58	2.60	2.70	2.80	2.90	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.60	3.70
25 yr PWLB	3.36	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10	4.10
50 yr PWLB	3.18	3.20	3.20	3.30	3.40	3.50	3.60	3.70	3.80	3.90	3.90	4.00	4.00	4.00

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APPENDIX 4

Prudential Indicators 2015/16 – 2018/19

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

1.1 **Capital expenditure** 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 in Table 1:

Table 1: Capital Expenditure Forecast 2015 to 2019

Capital expenditure	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual £000	Approved £000	Estimate £000	Estimate £000	Estimate £000
Adult & Community Service	9,487	2,192	3,656	1,320	400
Children's Services	29,953	27,111	61,199	50,031	-
Environment	3,887	4,005	2,794	2,132	1,040
Chief Executive	6,995	10,669	9,742	4,620	172
Housing	16,928	9,222	28,379	11,638	1,244
General Fund	**67,250**	**53,199**	**105,769**	**69,740**	**2,856**
HRA	78,544	81,493	79,059	56,070	63,128
Total - Approved Capital Programme	**145,794**	**134,691**	**184,828**	**125,810**	**65,984**
Finance Lease & PFI Additions	25	54	69	88	96
Corporate Borrowing to be allocated				6,651	8,788
TOTAL	**145,819**	**134,746**	**184,897**	**132,550**	**74,868**

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

A significant part of the borrowing need (£41m) includes financing of Reside 2 (Abbey 2 and Gascoigne regeneration), which was borrowed in advance of need from the European Investment Bank in January 2015. Members have agreed to use up to £2m from reserves to cover the cost of carry from borrowing in advance.

In 2014/15 and 2015/16 £27m was spent on Reside 2 and is reflected in the Actual spend for 2014/15 and the Approved spend in 2015/16. Abbey 2 is now being let and is bringing in income, which will predominantly be used to repay the loan and interest to the EIB.

Table 2: Capital Expenditure Financing Plans 2015 to 2019

Capital expenditure	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual £000	Approved £000	Estimate £000	Estimate £000	Estimate £000
General Fund*	67,275	53,253	102,838	56,055	11,740
HRA	78,544	81,493	79,059	56,070	63,128
Total	**145,819**	**134,746**	**181,897**	**112,125**	**74,869**
Financed by:					
Capital Grants and Contributions	47,724	48,816	60,206	29,481	0
Section 106	1,187	119.319	1,000	-	0
Revenue / Reserve Contributions	13,161	1477.421	875	400	400
HRA Contributions (incl MRA)	51,861	40,730	56,568	45,338	47,378
Capital Receipts	14,035	22,920	11,741	10,732	15,750
Sub-Total	**127,966**	**114,063**	**130,390**	**85,951**	**63,528**
Net financing need for the year (borrowing)	**17,853**	**20,683**	**51,507**	**26,174**	**11,340**

*(incl. PFI, Leases and borrowing still to be allocated to schemes)

1.2 The Council's borrowing requirement (CFR)

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

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

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. Table 3 sets out the CFR until 2018/19.

The significant increase in the CFR in 2014/15 is due to the inclusion of the costs for Reside 1. The Reside 1 costs are financed through an external lender via a Special Purpose Vehicle and is effectively self financing.

The Council is asked to approve the CFR projections.

Table 3: Council's CFR 2015/16 – 2017/18

Capital expenditure	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Capital Financing Requirement					
CFR – General Fund	207,701	206,659	210,999	217,127	219,447
Reside 1	84,847	84,481	84,100	83,703	83,291
Reside 2	17,828	27,050	55,209	66,847	68,091
CFR – Housing	267,722	270,922	281,672	281,672	281,672
Total CFR	**578,098**	**589,112**	**631,980**	**649,350**	**652,501**
Movement in CFR	**93,355**	**11,014**	**42,868**	**17,369**	**3,151**
Movement in CFR represented by					
Net financing need for the year	102,936	20,683	51,507	26,174	11,340
Less MRP and other financing movements	(9,581)	(9,669)	(8,638)	(8,804)	(8,188)
Movement in CFR	**93,355**	**11,014**	**42,868**	**17,369**	**3,151**

2. Affordability prudential indicators

The previous section covered the overall capital and control of borrowing PIs, but within this framework PIs 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 PI identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report.

%	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Estimate	Estimate	Estimate
General Fund	6.2	5.9	6.2	8.0	8.6
HRA	9.1	8.7	9.0	8.7	8.7

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

This PI identifies the revenue costs associated with proposed changes to the three year capital program recommended in the budget report compared to the Council's existing approved commitments and current plans. The expectation is that the budget will be based on approved capital schemes' existing commitments and current plans but, if on review, this is not the case this will be reported to Members.

£	2015/16	2016/17	2017/18	2018/19
Council tax - band D	Nil	Nil	Nil	Nil

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

Similar to the council tax calculation, this PI identifies the trend in the cost of proposed changes in the housing capital program recommended in the budget report compared to the Council's existing commitments and plans, expressed as a discrete impact on weekly rent levels. This indicator shows the revenue impact on newly proposed changes. Any discrete impact will be constrained by rent controls.

Incremental impact of capital investment decisions on housing rent levels

£	2015/16	2016/17	2017/18	2018/19
Housing rent levels	Nil	Nil	Nil	Nil

3. Treasury indicator and limit for investments greater than 364 days.

The limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment. They are based on the availability of funds at yearend. The Council is asked to approve the treasury indicator and limit:

£'000s	2015/16	2016/17	2017/18	2018/19
Maximum principal sums invested > 364 days	200,000	170,000	150,000	130,000

4. Treasury Indicators: Limits to Borrowing Activity

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

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

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

Interest rate exposures	2016/17	2017/18	2018/19
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	70%	70%	70%
Limits on fixed interest rates:			
• ***Debt only***	100%	100%	100%
• ***Investments only***	80%	80%	80%
Limits on variable interest rates			
• ***Debt only***	70%	70%	70%
• ***Investments only***	80%	80%	80%

Maturity structure of fixed interest rate borrowing 2016/17		
	Lower	**Upper**
Under 12 months	0%	20%
12 months to 2 years	0%	40%
2 years to 5 years	0%	70%
5 years to 10 years	0%	70%
10 years and above	0%	100%

Maturity structure of variable interest rate borrowing 2016/17		
	Lower	**Upper**
Under 12 months	0%	40%
12 months to 2 years	0%	40%
2 years to 5 years	0%	70%
5 years to 10 years	0%	70%
10 years and above	0%	80%

5. Treasury Indicators: Limits to Borrowing Activity

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

Operational boundary £'000s	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Borrowing	650	693	710	714
Long term liabilities	55	52	49	48
Total	**705**	**745**	**760**	**761**

5.2 The Authorised Limit for external borrowing – this represents a control on the maximum level of borrowing, with a limit set, beyond which external borrowing is prohibited. This limit must be set or revised by the full Council. The limit set includes a margin for short-term borrowing and also to borrow the remaining £61m available from the EIB.

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

Authorised Limit £'000s	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Borrowing	760	803	820	824
Long term liabilities	55	52	49	48
Total	**815**	**855**	**870**	**871**

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

HRA Debt Cap £'000s	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Total	277,649	291,599*	291,599*	291,599*

* The HRA debt cap is currently set at £277.649m, however the Council has recently been given approval from the Department for Communities & Local Government, to exceed this by £3.2m and by a further £10.75m in 2016/17, making the new total cap £291,599 onwards from 2016/17.

Appendix 5

Minimum Revenue Provision Policy Statement

1.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement - CFR) through a revenue charge (the Minimum Revenue Provision - MRP). The Council is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

1.2 CLG regulations have been issued which require the full Council to approve **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*:*

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

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

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

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

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

1.3 This option provides for a reduction in borrowing in line with the life of the asset to which the borrowing related.

1.4 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

1.5 Repayments included in annual PFI or finance leases are applied as MRP.

1.6 The MRP methodologies provided above are currently being reviewed by officers. Any change to the MRP methodology will be brought for agreement by Members and will be effective from 1 April 2015.

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APPENDIX 6

Scheme of Delegation and Section 151 Officer Responsibilities

Treasury management scheme of delegation

(i) Full board/council

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

(ii) Boards/committees/council/responsible body

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

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

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

The treasury management role of the section 151 officer

The S151 (responsible) officer

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

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CABINET

15 February 2016

Title: Gender Equality Charter	
Report of the Leader of the Council	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Teresa Evans Equalities and Cohesion Officer	**Contact Details:** Tel: 0208 227 3478 E-mail: Teresa.Evans@lbbd.gov.uk
Accountable Divisional Director: Tom Hook, Divisional Director Strategy and Programmes	
Accountable Director: Jonathan Bunt, Strategic Director for Finance and Investment	

Summary

This report provides the background and the development process for the Gender Equality Charter.

The Council has a very clear vision regarding community leadership which allows pride, respect, and cohesion to develop across the borough. To this end, recognising the local needs of the different equality groups within the community is a vital step in developing a tolerant, safe and equal society. The Charter has been developed as a set of promises/ actions to improve gender equality. It is intended that the Council will be the first organisation to sign up to the Charter with a pro-active campaign to encourage other local organisations, businesses and individuals to sign up.

The Charter is specifically aimed at improving equality for women within the community.

Recommendation(s)

Cabinet is recommended to:

(i) Adopt the Gender Equality Charter and Action Plan at Appendix A to the report; and

(ii) Agree to Launch the Charter during Women's Empowerment month in March 2016.

Reason(s)

This Charter will support the Council's commitment to equalities and demonstrate how the Council is implementing its responsibility with regards to the Equality Act 2010. It will also support the delivery of the vision and priorities namely **Encouraging civic pride** by:

- Building pride, respect and cohesion across our borough
- Promoting a welcoming, safe, and resilient community
- Building civic responsibility and help residents shape their quality of life .

It will also support the aims set down in **Enabling social responsibility** notably

- Support residents to take responsibility for themselves, their homes and their community
- Protect the most vulnerable, keeping adults and children healthy and safe

1. Introduction and Background

1.1 The Council is committed to ensuring equality is taken seriously and that the work which is out carried out on equalities makes a real difference. To this end a unique approach of recognising the local needs of different protected characteristic (Equality Act 2010) has been developed to give specific attention each year to a protected characteristic.

1.2 In 2015, the idea for Gender Equality Charter grew out of the very successful White Ribbon Day campaign as whilst women's confidence in reporting violence and the help available had improved discussions with local women indicated there was still much to do to tackle discrimination and abuse.

1.3 Members indicated clearly that they wanted a Charter to be produced with local people and decided to work on this throughout 2015 with a view to producing a charter and launching it during Women's Empowerment Month 2016. Recognising the limited internal capacity on equalities, the Fawcett Society, an independent membership charity with a focus on advancing women's rights and equality in Britain, was commissioned to lead on this work. The project was organised in a number of phases over the last year building towards the formal launch of the Charter:

PHASE 1- Scoping

- Scoping exercise to determine key stakeholders
- Initial engagement with key stakeholders, design consultation process
- Use consultation process to agree charter commitments with stakeholders

PHASE 2- Development

- Seek internal buy-in for Charter in departments
- Develop action plan for Charter
- Develop resources around Charter as required

PHASE 3- Sign up

- To achieve sign up from organisations, institutions and individuals

PHASE 4- Launch

- Launch Charter through a series of events linked to the themes in the Charter

1.4 The Charter needed to be based on community engagement reflecting the views and experiences of women in the borough –'how does it feel to be a woman in Barking and Dagenham?' The approach was informal, supportive, targeting different communities and tackled the barriers for personal growth. The details of the extensive period of consultation are set out in Appendix B detailing both the quantitative and qualitative exercises which took place.

2. Proposal and Issues

2.1 The findings from the consultation formed the basis of the Charter commitments and associated actions. This was developed with officers, the Council for Voluntary Services (CVS), the Chamber of Commerce and Members. It will support moving gender equality forward and have a positive impact on the lives of women in the borough.

2.2 The main themes of the Charter and key intended actions reflect the key areas that women face nationally, internationally and locally:

- Violence against women;
- Economic inequality due to caring responsibilities:
- Culture (in particular the impact of gender stereotyping); and
- Poor representation in public life.

2.3 It is planned for the Charter to be launched during March as part of Women's Empowerment Month. At the event the local authority, local businesses and community will be asked to sign up to the Charter and support the implementation of the action plan. This launch event is currently being planned to ensure it receives the coverage it deserves to raise awareness of the issues.

2.4 It is important to recognise that the pledges in the Charter and associated actions will need to be delivered in partnership with schools, the chamber of commerce, VCS, and the community. An essential part will be monitoring of the actions to ensure these lead to actual improvements in outcomes for gender equality and this is listed itself as a specific action.

3. Consultation

3.1 Appendix C sets out the extensive consultation undertaken in the development of the Charter. The list of consultees was as follows:

- Barking Community and Voluntary Services
- Chamber of Commerce
- LBBD Aim Higher education group
- LBBD Community Safety Partnership team
- LBBD Health and Personal Development Advisor | Education, Youth and Childcare
- A selection of secondary schools
- LBBD Integrated Youth Services
- A women's group in Marks Gate
- LBBD employment and skills
- Cllr Tarry with an particular interest in economic issues
- Cllr Bright Women's and Gender equality champion
- LBBD Clinical Commissioning Group

3.2 Focus groups took place with:

- 15 childcare centre users
- 5 parent representatives
- 10 leaders from the women's voluntary and community sector in B&D

- 20 AS Level pupils from a B&D secondary school

3.3 In addition the Council ran a consultation on the portal which achieved 162 responses. Members were given the opportunity to respond

4. Financial Implications

Implications completed by: Jon Bunt, Strategic Director Finance and Investment

4.1 There are potential cost implications of a number of the proposed actions. In some cases these activities already exist and are in the base budget or can be delivered within existing budgets in services. Other activities will require the identification of funding, either internal or external ahead of being initiated.

5. Legal Implications

Implications completed by: Chris Pickering, Principal Solicitor

5.1 The Equality Act 2010 places a general duty on all local authorities to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. The development of this Charter will demonstrate our commitment to our general duty in relation to a specific protected characteristic.

6. Other Implications

6.1 **Corporate Policy and Customer Impact -** This Charter links with the work of the number of plans and schemes. Several schemes focus on tackling gender equality issues. This includes violence against women including the Community Safety Strategy which aims to prevent and reduce domestic violence and sexual violence; the Domestic and Sexual Violence Strategy 2011 - 15 also aims to achieve “raised awareness of how to address the issue in schools and colleges; The Growth Strategy commitment to create new jobs; The Carers strategy is supportive of the need for more flexible working opportunities. Implementing the action plan will have a positive impact and improve gender equality with the borough.

6.2 **Safeguarding Children –** The Charter’s action plan identifies positive work within schools to tackle gender inequality/ stereotyping and violence against women and young girls

6.3 **Health Issues –** The JSNA recognises the importance of carers as is one of the key focuses .The Carers Strategy is supportive of the need for more flexible working opportunities. Gender based violence contribute to ill health, action which work towards eliminating violence against women and young girls will have a positive impact of the health and wellbeing of women within our community .

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

List of appendices:

- **Appendix A** - Gender Equality Charter and Plan of Action
- **Appendix B** - Background and context to the Gender Equality Charter
- **Appendix C** - Gender Equality Charter Consultation and Results

Appendix A

Gender Equality Charter and Plan of Action

Introduction

At the heart of the Council's vision and values is a commitment to creating a fair and just society where men and women are treated equally, discrimination is tackled and the barriers to equality are removed.

It is not sufficient just to tackle gender equality issues as discrimination is often based on more than one issue (e.g. disability or race alongside gender). The Council has a vision to tackle equality issues relating to each of the protected characteristics under the Equality Act, but is starting with gender equality which affects everyone.

Barking & Dagenham has a proud history in promoting gender equality from the 18th Century writer and philosopher, Mary Wollstonecraft, and the early suffragette movement to the workers of Fords who helped secure the equal pay legislation we enjoy today. Since 1974 the constituency of Barking has been represented in Parliament by female MPs. Jo Richardson was elected Member of Parliament for Barking in 1974, a position she held until her death in 1994. As shadow spokesperson for Women's Rights from 1983 to 1992 she campaigned for greater equal opportunities and protection from discrimination. After her death at the age of 70 in 1994, the then Labour leader John Smith said 'No-one in our party has fought harder or to greater effect on behalf of women'. Since then Margaret Hodge has continued the work to improve outcomes for residents of Barking.

Tackling the issues faced by women and girls in the 21st Century needs the active support and participation of men and boys. In this, our first charter, we have focussed on 4 themes

- Access to power and representation in public life
- Economic inequality and impact of caring responsibilities
- Culture including gender stereotyping
- Violence against women

Locally, as the attached documents show, much has been achieved but much remains to be done.

An essential consideration for the Charter, therefore, was to ensure that it reflects not only the national issues that impact on local women but, more importantly, prioritises the issues and challenges identified locally by women and girls. To this end, an extensive consultation exercise was undertaken to inform the development of the charter.

Barking and Dagenham is the first local authority to develop a Gender Equality Charter, working with elected representatives, Council officers, local businesses and the voluntary and community sector to form a plan of action to improve gender equality in the borough.

We are inviting borough residents, businesses, voluntary and community organisations and other statutory partners to sign up to the Charter and the action plan that accompanies it.

Charter

We believe that men and women are equal and no man or woman should face discrimination, abuse or hardship however they identify in terms of gender.

Our ambition is for Barking and Dagenham to be a place where people understand, respect and celebrate each other's differences - where tolerance, understanding and a sense of responsibility can grow and people of all genders can enjoy full equality and fulfil their potential.

In signing the charter we pledge to support everyone in Barking and Dagenham to:-

- receive equal pay across all sectors and have equal opportunities to succeed irrespective of their gender
- achieve equal representation in all walks of life including in communities, politics, business and industry
- work with schools and colleges to promote gender equality and raise awareness of gender equality issues
- to stand up against violence against women and girls and ensure everyone understands that such behaviour will not tolerated
- Support those with caring responsibilities and promote equal parenting, care giving and shared responsibilities in the home
- strive to promote gender equality and equal treatment of women and ensure our own communications support this

We commit to developing and implementing a plan that takes this agenda forward in a meaningful way and reflects the views of local women.

10 point Action Plan for 2016/17

This high level plan sets the direction for the Council and others signing up to the charter will adopt. It will be important in 2016/17 to turn these themes into detailed, practical delivery plans that will make a demonstrable difference to our communities.

1. Adopt the Gender Equality Charter and secure its adoption by key borough stakeholders such as the Chamber of Commerce, Schools, and the Voluntary and Community sector, publicly committing to achieving the pledges set out in the charter

2. Work with young people in schools to develop a better understanding of the issues raised during the production of the charter including gender equality and gender stereotyping

3. Improve the understanding of the positive benefits of family friendly policies for all businesses and celebrate and recognise businesses that demonstrate family friendly policies

4. In March each year recognise women's contribution by celebrating their achievements both past and present

5. Improve representation of women in senior management roles in all sectors and services

6. Develop an information hub for women building on current information and advice options

7. Continue the work to prevent violence against women and girls

8. Continue the work to reduce unplanned teenage pregnancies

9. Promote equal and supported access to community facilities for women and women's groups

10. Monitor the implementation of these actions in partnership with the key stakeholders identified and report on them each year

Appendix B

Background and context to the Gender Equality Charter

1. Introduction

Barking and Dagenham is the first local authority to develop a Gender Equality Charter, working with elected representatives, Council officers, local businesses and the voluntary and community sector to form a plan of action to improve gender equality in the borough.

Barking and Dagenham is a Labour led authority with all Councillors and Cabinet from the Labour party. The Leader and Cabinet are keen to ensure the Labour party values around equality are reflected locally. The Leader of the Council, as the Equalities portfolio holder, has a vision to tackle equality issues relating to each of the protected characteristics under the Equality Act, starting with gender equality. The Labour Party Manifesto (2015) on equalities specifically addresses gender equality and states:

- **We will tackle discrimination against women,** requiring large companies to publish their gender pay gap and strengthening the law against maternity discrimination
- **We are committed to ensuring Parliament better represents Britain,** including by achieving a better balance of men and women

Barking and Dagenham has one the highest reported rates of Domestic Violence (DV) in the country. This coupled with high rates of teenage pregnancies makes for a worrying picture. However, the Council and partners have made considerable progress in tackling these issues as well as gender inequality in general. As the report notes, good progress has been made in relation to Domestic Violence and teenage pregnancies. The Council is also a family friendly employer with policies that support women and flexible working arrangements, including for those with caring responsibilities. In Barking and Dagenham, women are moving towards equal representation as councillors. Of 51 councillors 21 are female and 30 are male. However women make up over 50% of the cabinet where of the nine members of the cabinet, five are female and four are male. Women also make up 50% of the senior management team for the Council.

Despite what has been achieved to date, there is still more that can be done. The development of a Gender Equality Charter is an important part of understanding what else can be done to address issues women in Barking and Dagenham face.

As shown below, research and evidence suggests women's inequality both in the UK and globally can be understood under four key themes:

- Violence against women
- Access to power and representation in public life
- Economic inequality and impact of caring responsibilities

- Culture including gender stereotyping

An essential consideration for the Charter, however, is that it reflects not only the national issues but, more importantly, the issues and challenges specifically faced locally by women and girls in Barking and Dagenham.

To this end, an extensive consultation exercise was undertaken to inform the development of the charter. The four key themes formed the basis of the consultation design and questions asked when starting the project.

Women in Barking and Dagenham

Gender breakdown

Source: 2014 ONS Mid Year Estimates

Healthy life expectancy gap

On average women in Barking and Dagenham live longer than men (82.4 years compared to 77.7 years).

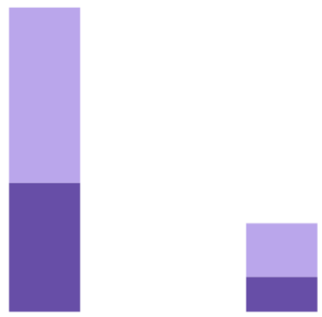
However women have a shorter healthy life expectancy than men. The gap is 5.6 years.

Source: Public Health England

Caring responsibilities

Women make up 57.5% of carers in the borough. 60% of carers who provide 50+ hours of care per week are women.

Source: ONS



Domestic violence

Accounts for 41% of all violent crimes in the borough. The national average is 20%.

Source: Barking and Dagenham JSNA

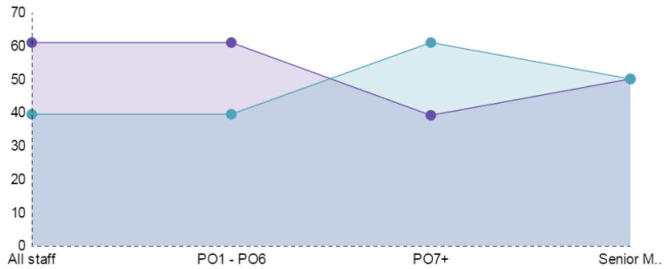
#1 Barking and Dagenham has the highest rate of offending for domestic violence in London.

(per 1000 population)

Political representation

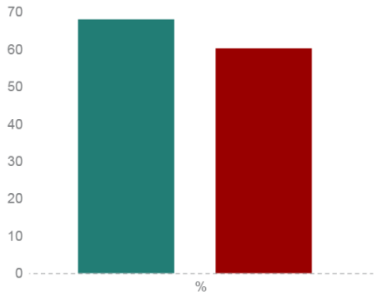
Nationally only 32% of Cllrs are women. In Barking and Dagenham 42% of Cllrs are women. Even better, 56% of the local Cabinet are women.

Gender profile of Council staff



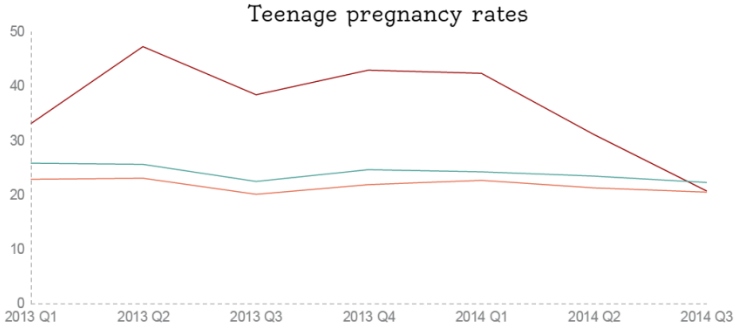
Source: Implementing the Equality & Diversity in Employment Policy 2014 (LBBD)

Employment rate for women



Source: ONS Annual Population Survey

Teenage pregnancy rates



Source: 2015 ONS (per 1000 women aged 15-17)

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2. Context for women's inequality

Across the world women still remain unequal to men[1]. Although in Western Europe women's rights and representation have improved dramatically over the past few decades, there is still some way to go before women are truly equal to men and no country has yet achieved true equality for women[2]. Women's inequality is often broken down into four key themes:

1. economic inequality (money);
2. representation in public life (power);
3. violence against women; and
4. gender stereotyping.

The United Nations body for women, UN Women lists money, power and violence against women as some of its top priorities[3] and a recent analysis of the gender inequality across the UK by the London Schools of Economics also focussed on money, power and culture with a cross cutting theme of how violence against women and women's caring responsibilities impacts women's equality in these areas[4].

The following paragraphs explore the national and international situation for women under these themes, before examining available evidence for these themes in Barking and Dagenham.

2.1. Violence against women

Women across the world experience gender related violence. This violence extends from stalking and street harassment to child abuse, sexual assault, domestic violence and female genital mutilation. Violence against women is one of the key inequalities that prevent women from achieving their full potential[5], for example progressing at work and running for public office. It has knock-on consequences to their mental and physical health, their education and ability to work, their right to freedom and safety, to have and raise children and their engagement in public life.

Each year on average 3 million women experience violence and there are many more living with the legacy[6]. On average around two women a week are killed by a man[7] and violence against women costs society around £40 billion a year.

2.2. Economic inequality (Money) and impact of caring responsibilities

2.2.1. Economic inequality

Across the workplace, women earn less than men with the full time gender pay gap standing at 13.9%[8]. This gender gap has four main causes. The first is that women tend to congregate in a small number of industries which are often more poorly paid than the industries the majority of men work in. As the government's own research has shown[9], women are under-represented in a range of sectors and occupations that offer higher paying roles - for example fewer than 10% of British engineers are female.

Occupational segregation is particularly marked in apprenticeships where young men take apprenticeships across a much wider range of sectors than women. 61% of young women in apprenticeships work in just five sectors where the same proportion of men work in ten sectors[10]. Again, the sectors that female apprentices work in tend to be lower paid than sectors dominated by men. In fact a third of young women thought that well paid apprenticeships in engineering or building are “only for boys”[11] and this segregation causes a pay gap of over 21%[12] and has long term consequences for a woman’s earnings.

The second main cause of the gender pay gap is the part time pay penalty. Women make up the majority of unpaid carers across the world[13] and in order to combine care work with paid employment it is often necessary for women to take part time or flexible work. However there are few part time jobs at senior levels so women are more likely to work below their skill level in order to find work that fits around their caring responsibilities. Part time work is also paid more poorly per hour than full time work, around 25% less[14].

The third cause is the motherhood penalty. Women are likely to return to work after maternity leave to wages 5% lower than their male counterparts and around 54,000 women a year a forced from their jobs because of pregnancy.[15]

The final cause of the gender pay gap is direct discrimination. Although outlawed in the Equal Pay Act of 1970, paying men and women differently for doing work of equal value still occurs. This can also happen because job titles are slightly different and indeed gendered (for example caretaker and cleaners) or through non salaried bonuses and other benefits like company cars.

Specific groups of women are more likely to live in poverty than others. Women from BMER communities are paid less than their white female counterparts, are more likely to be unpaid carers and more likely to live in poverty[16]. Lone parents[17][18] (the majority of whom are women), single female pensioners[19] and disabled women[20] are also likely to have the lowest incomes.

2.2.2. Impact of possible caring responsibilities

Women’s unpaid caring roles have far reaching consequences to other aspects of their life. It is not only childcare for which women are mostly responsible it is also caring for other elderly and disabled relatives and family friends. Young girls can also be carers for their parents and their own children and although this group is small, these young women remain extremely marginalised. Women in their 50s and 60s often face a double burden of caring where they are caring for their grandchildren in order to allow their children to work but also still caring for their own elderly parents - they are known as the sandwich generation[21].

As explained above, balancing work with care is one of the primary causes of the gender pay gap, pushing women in the low paid part time work with poor job progression in order to fit in around their caring responsibilities. Childcare is expensive with a part time nursery place for a child under two costing around £6,003[22].This cost of childcare creates a wealth divide meaning that women actually need to earn enough in order to pay for the childcare which allows them to work and those who earn less than the cost of childcare simply cannot work.

2.3. Power and representation in public life

Women remain under represented in politics and public life across the board. They make up only 29.4% of MPs[23], 32% of local councillors[24] and 14.6% of elected mayors. Despite improvements, progress towards women's equal representation in public life remains slow. This is true not only of elected positions but for other public appointments. Overall in the UK 36.4% of public appointments are women. In local government 12.3% of Council Leaders in England are women (2014), compared to 16.6% in 2004.

Women's equal representation in politics is a key determinant of equality and democracy in a society. In Barking and Dagenham, women are moving towards equal representation as councillors. Of 51 councillors, 21 are female and 30 are male. However women make up over 50% of the cabinet where of the nine members of the cabinet, five are female and four are male.

The United Kingdom stands 29th in a global league table of how well women are represented in politics[25], placing below Rwanda, Ethiopia and Mozambique as well other Western European countries such as Sweden, Spain and Germany.

As the 2011 United Nations General Assembly resolution on Women's Political Participation notes[26], "*the active participation of women, on equal terms with men, at all levels of decision-making is essential to the achievement of equality, sustainable development, peace and democracy*". Moreover, there is a growing body of evidence, largely drawn from business, that women make a positive difference to actual decision-making itself[27].

2.4. Culture (including gender stereotyping)

Times are changing and the proliferation of screens means we are surrounded by more images and advertising than ever before. Estimates of how many images we see a day range from 500 to 5,000[28][29].

Women of all ages but particularly young women and girls are susceptible to advertising which promotes unachievable beauty standards. These images have a real-life impact on the way women and girls view themselves and their chances of success in life. In fact when women were shown stereotyped images of women and beauty adverts they were more likely to devalue their bodies and do worse in exams than the control group[30].

This exposure to advertising has a direct impact on young people's health, about 6% of the population have an eating disorder[31]. Young people and particularly young women fare worse with 70% of girls and 30% of boys citing their body as their biggest worry[32].

The mass consumed media are, created, edited and presented disproportionately by men. 74% of national journalists are men, 78% of all front page by-lines were male, only 3% of sports journalists are women[33] and in advertising women make up only 25% of the most senior roles[34]. The stereotypical images of women promoted in the media are, in part then, due to the absence of women creating this media and women are often absent as the focus of serious news articles. Even female MPs are more likely to have media coverage concerning their looks and relationships than male MPs[35].

Despite dramatic improvements in gender equality over the last 100 years, sexist attitudes towards women remain and are often publicly tolerated or encouraged. 81% of girls aged 11 – 21 say they have seen or heard some form of everyday sexism in the past week[36]. Particularly for young women, being constantly exposed to sexist commentary that devalues women, their achievements and abilities can and will have a big impact on their own self belief.

3. Themes

The themes of the Gender Equality Charter for Barking and Dagenham reflect these key areas of inequality that women face nationally, internationally and locally:

3.1. Violence against women

The borough has the highest reported rate of domestic violence (DV) in the whole of London[37]. Nationally DV accounts for around 20% of all violent crime, in Barking and Dagenham it accounts for 41%.

It is therefore no surprise that violence against women is a big issue for the Council and partners. This is an issue which affects many women in the borough and is reflected in the consultation results which found this to be the highest ranked priority amongst respondents. The Council and partners have made good progress to date.

3.1.1. Tackling DV- The story so far

The prevention of domestic and sexual violence is a key priority for Barking and Dagenham. It is one of the most pervasive safeguarding concerns and a priority strand within the Borough's Health and Wellbeing Strategy, the Local Safeguarding Children's Board and Adult Safeguarding Board and the Community Safety Partnership. Domestic and Sexual Violence not only damages the lives of those people who are abused and their families, but it also breeds harmful attitudes that impact on the wider community.

Understanding how and why domestic and sexual violence occurs is crucial. We know that most abusers are known to their victims and most will adopt more than one type of violence; we know that no one is immune to being victimised, and that it is very important for support to be in place for everyone. However, we also know from research and local data that domestic and sexual violence mostly affects women and girls, but other characteristics such as disability, ethnicity, age, sexual orientation, substance misuse, pregnancy, and immigration status may increase both the likelihood and also the barriers faced in seeking help.

Domestic and sexual violence is not a new phenomenon – it has been a feature of lives throughout recorded history – but as technological advances are made, different forms of abuse have emerged through, for example, revenge pornography which became an offence from April 2015.

To September 2015 Barking & Dagenham saw an overall reduction of 23% against the MOPAC7 priority crimes compared to the 2012/13 baseline (from 10,549 to 8259). However, Violence With Injury has seen an increase of 14.9% in the same period, of which approximately 46% of crimes had a flag to indicate Domestic Abuse. Some of this may be attributed to changes that were made to the way in which violence was recorded and classified following a HMIC inspection of police data in 2013-14 which raised concerns about a notable proportion of crime reports not being recorded, particularly during domestic abuse inspections. Implementation of the new recording and classification guidance and training to improve crime recording mechanisms around violence and domestic abuse have led to a rapid upward trajectory in Violence with Injury. The borough also ensures that residents are aware of the support available to them and have ensured that all reports of domestic abuse received an appropriate response from the Police and courts which victims can be confident in.

Barking and Dagenham commission a number of services to work with those affected by all forms of violence against women. These are detailed in the Barking and Dagenham online Domestic Abuse directory and include:

- Independent Domestic and Sexual Violence Advocate (IDSVA) Service which is delivered by Victim Support
- Two Refuges (13 refuge bed spaces) delivered by Hestia Housing Association.
- The Children's Domestic Violence Service, which is a twelve week programme for mothers and children affected by domestic abuse.
- Arc Theatre which provides initiative links to PSHE in schools and delivers in *Raised Voices,* a three-year female leadership/peer mentoring project for young women aged 11 and over in all schools in borough.
- Women's Integrated Offender Management Programme **-** Those victims with complex vulnerabilities (offending, substance misuse, street homelessness, mental health and experience of multiple forms of victimisation including child sexual exploitation, domestic and sexual violence, sex work) often face additional barriers accessing support. In Barking and Dagenham, the Women IOM (Integrated

Offender Management) programme works with these clients to provide positive pathways to reduce offending. This is an extremely innovative programme and Barking and Dagenham is the first borough in London to develop such a scheme.

- Specialist training on Violence Against Women and Girls (VAWG) issues are promoted as part of the Local Safeguarding Children's Board (LSCB) training programme.
- A monthly Multi Agency Risk Assessment Conference (MARAC) is held once a month which facilitates agencies working together to develop support plans which address the risk of those victims who have been assessed as high risk.
- Barking and Dagenham provide domestic abuse training to staff in Maternity units to ensure they are aware of the issues to be alert to and the referral pathways available.

In addition, there are a number of other services delivering support to victims in the borough, these include

- **The Ascent Consortium** which is made up of 10 Women's Services and delivers work in schools, providing advice and support, group work and counseling services. The service is funded via London Councils to work across all London Boroughs
    - **East London Rape Crisis**
    - **National Domestic Violence Helpline**
    - **Women's Trust** deliver counseling services within the borough.

3.2. Power and representation in public life

In Barking and Dagenham the Council is committed to ensuring all protected characteristics (as defined in the Equality Act 2010) are represented at all levels of the organisation. In November 2014 the Cabinet endorsed a report titled 'Implementing the Equality & Diversity in Employment Policy'. This report showed there was a higher proportion of female (60.7%) to male staff (39.3%), which is equally represented in the professional grades PO1-6. There are proportionately more men (66.05%) in terms of the overall workforce at management level PO7 and above. The Council does however have a high proportion of women in the most senior management positions (above 50%) but, in some service areas, they are not well represented at management levels.

Women's equal representation in politics is a key determinant of equality and democracy in a society. In Barking and Dagenham, women have almost achieved equal representation as councillors. Of 51 councillors 21 are female and 30 are male. However women make up over 50% of the cabinet where of the nine members of the cabinet, five are female and four are male.

Despite this there is more that can be done not only by the Council but also by partners and businesses operating in the borough. In total, around 36% of respondents to the consultation felt that supporting women into well paid jobs should be a priority for the charter. The Council and partners have made commitments to improve representation of women in public life.

3.3. Economic inequality impact of caring responsibilities

In Barking and Dagenham the Council is leading the way to ensure equality in employment particularly for women both in terms of pay and caring. The Council has family friendly and flexible working policies ensuring women are not subject to unfavourable treatment due to maternity, childcare, or other caring commitments.
The Carers Strategy is also supportive of the need for more flexible working opportunities. It suggests that "combining the caring role with work can be a real challenge. Carers have additional employment rights to enable carers to stay at work. The Council has a leadership role to play and has committed to enable carers to be better able to combine paid employment with their caring role and re-enter the job market after their caring role has ended through: encouraging flexible working opportunities, increased training provision, and employer awareness and support."[38] Carers are also a key focus of the Barking and Dagenham Joint Strategic Needs Assessment (JSNA)[39].

Barking and Dagenham has the highest rate of unemployment in all London boroughs[40] but women are more likely to be unemployed than men. The average employment rate for women across London is 63.9% and in Barking and Dagenham it is 54.1% - a gap of 9.8% compared to a gap of 5.8% for men[41]. Caring has an impact on working life too, the majority of carers are of working age - 8229 (52%) are between the ages of 18 and 49[42] so special consideration must be given on how to support carers, namely women, into employment, education and training and how these opportunities can be provided so that it fits in with their caring responsibilities.

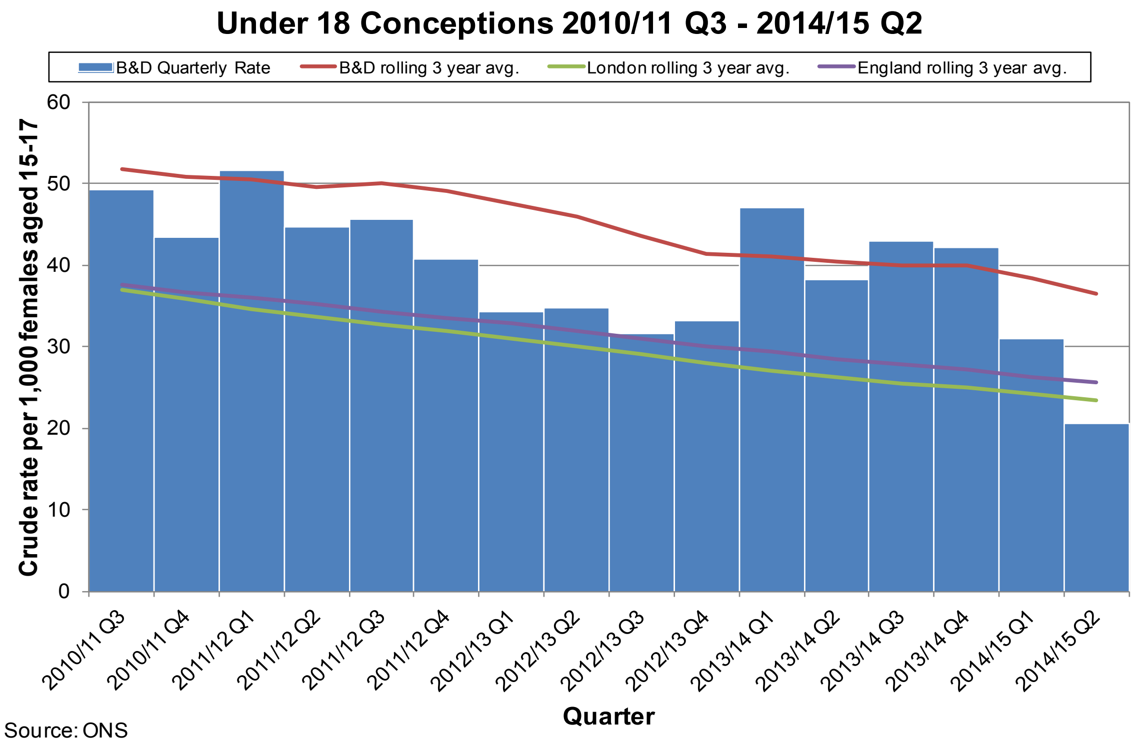
Although the council is a large employer in the borough, it is equally important that businesses play a part in providing equal pay and policies which do not discriminate against women due to caring responsibilities. A number of actions have been identified in collaboration with the Chamber of Commerce to ensure businesses are engaged in and sign up to such policies.

3.4. Culture and education

Respondents to the consultation have highlighted ending sexual harassment at work and in public and reducing teenage pregnancies as priorities for the charter. The Council, schools and partners have identified specific actions to tackle these issues. It is clear that there will need to be a programme of work with schools to tackle stereotypes, and educate children about issues affecting young women such as teenage pregnancy.

Teenage pregnancy is both a contributory factor to, as well as an outcome of, child poverty. Teenagers from poorer areas with higher rates of unemployment (such as Barking and Dagenham) are more likely to fall pregnant than young women from more affluent areas[43]. Young women who conceive and give birth while they are in their teens will face a number of challenges during their lives. Many will not be able to complete their education or access training for work, and this could affect their life choices, and the life chances of their children throughout adulthood[44].

3.4.1. Teenage pregnancies- the story so far



Teenage pregnancy (TP) was higher in Barking and Dagenham than the London average[45]. Barking and Dagenham has seen a gradual decrease over the last four years in conceptions to women aged under 18 years, from 51.1 per 1,000 women aged 15-17 years per quarter in the three year period up to 2010/11 Q3 down to the most recent figure of 34.1 per 1,000 women aged 15-17 years in the three year period to 2014/15 Q2. This constitutes a fall of 17 conceptions per 1,000 women aged 15-17 years per quarter (a 33.3% fall).

This fall follows a similar pattern to that seen nationally and regionally, where London has seen a fall of 11.3 conceptions in the same age group (a 36.0% fall), while nationally there are 11.9 fewer conceptions per quarter (a fall of 32.5%). The fact that Barking has seen a larger decrease over the four year period indicates that the gap has closed, although there are still approximately 8.5 more conceptions per 1,000 women aged 15-17 years per quarter in Barking and Dagenham compared to England as a whole. Most recent data[46] demonstrates that the TP rate for Barking and Dagenham has dropped for the 4th quarter in a row and is now at its lowest level for at least 4 years, at 20.5 per 1000 under 18s.

Significant work has been undertaken in Barking and Dagenham to reduce the rate of teenage conceptions. The reduction seen could be attributed to a number of positive factors and concerted efforts to tackle inequalities in access to contraception and sexual health services. These include:

- Borough-wide accessibility to free condoms in pharmacies and community outlets for 13-24 year olds (C-Card condom distribution scheme), particularly in wards with a higher prevalence of teenage conceptions.
- Partnership working – coordination of a joined-up approach across a range of health, social care and education organisations and services to address teenage pregnancy, overseen by an Integrated Sexual Health Board.
- Increased availability of contraceptive devices all women aged 13 years of age and over including long-acting reversible contraception (LARC) and 7-day access to emergency hormonal contraceptives (EHC) in GPs, pharmacies and family planning clinics.
- Stronger focus on sustained prevention initiatives – promotion of sexual health advice and contraceptive services including campaigns targeted at the most vulnerable (e.g. looked after children) and those in socio-economically deprived groups and their parents.
- Comprehensive school-based sex and relationships education (SRE) and interventions with signposting to contraceptive services and advice to young people to delay sexual activity.
- Preventative interventions delivered in community-based education, youth development and contraceptive services, particularly those based in family services or youth centres following the introduction of the Health Workers.
- Raising awareness among frontline staff in education, health and social care services to deliver sexual health advice to young people and signpost them to sexual health and contraceptive services.
- Support for teenage mothers via the Family Nurse Partnership, including advice and access to contraception in order to avoid repeat unplanned pregnancies.
- Universal initiatives that improve educational, social and economic opportunities for young people, raising their aspirations and life chances.

The consultation demonstrated that respondents felt reducing teenage pregnancies should be a priority for the charter. This can only be achieved through close working with girls in schools to raise awareness of the issues and associated impacts of teenage pregnancies.

There is currently little available analysis of the impact of gender stereotyping and sexist culture at the local level. However respondents to the consultation on gender inequality in Barking and Dagenham made references to these issues and their impact on gender equality, see the Appendix C.

Appendix C

Gender Equality Charter Consultation and Results

Consultation

An essential first step in the development of the charter was to understand the issues most affecting women in Barking and Dagenham in order to ensure it was underpinned by evidence. The project started with interviewing a range of groups and individuals across the borough to find out what they thought the problems were for women locally. They were asked about the key themes identified above and the relevance of them in Barking & Dagenham as well any other concerns they had. The project then examined what solutions they thought might work and what projects were already under way that could be built upon. As part of this phase, initial meetings were held with:

- Barking Community and Voluntary Services
- Barking and Dagenham Chamber of Commerce
- LBBD Aim Higher education group
- LBBD Violence Against Women team
- A woman's group in Marksgate
- A selection of secondary schools
- LBBD Integrated Youth Services
- LBBD employment and skills
- Local councillors
- LBBD Clinical Commissioning Group

These initial meetings helped ascertain views on the extent of women's inequality within the borough, point to existing research and identify key partners who would need to be involved in designing and delivering actions for improving gender equality. These meeting also helped to identify some of the issues in the borough as well as any projects and resources that were already in place. In addition, focus groups were run with a range of residents and voluntary sector representatives which allowed the exploration of problems and solutions in greater depth. Focus groups were held with:

- Childcare centre users
- Parent representatives
- Leaders from the women's voluntary and community sector in B&D
- AS Level pupils from a local secondary school

The outcome of these meetings and focus groups informed the structure of the public consultation which ran on the Barking and Dagenham consultation portal for seven weeks. The consultation asked respondents for their thoughts on the proposed charter including what they thought the key gender equality issues affecting women and men in the borough were, what should be done to tackle the issues and by whom. The online consultation received 162 responses in total.

When viewed together, the responses to the consultation, focus groups and meetings provided the information needed to develop a charter that reflects local needs and focuses on priorities identified by residents. The consultation highlighted the key gender equality issues that people living and working in Barking and Dagenham face, as well as the themes and priorities for the charter.

The results of the consultation, meetings and focus groups have been used to inform the Gender Equality Charter and action plan (outlined in section 5), which will be launched on International Women's Day in March 2016. The aim is to bring together businesses, the local authority, other public sector organisations and the voluntary and community sector to sign up to delivering these commitments. It is only through working together we can all collectively improve outcomes for women throughout the borough.

As part of the Council's commitment, Councillor Sade Bright has been appointed to the role of Women's and Gender Equality Champion and will take a lead on championing the Charter and ensuring that the action plan is implemented.

Results from the consultation

As mentioned above the consultation included an online survey which ran for seven weeks, focus groups, and meetings with relevant groups and individuals. Taken together, the results helped understand issues facing women in the borough, identify themes for the charter, identify priority areas to focus on, and actions to be taken to address issues.

Of the 162 responses, most identified themselves as residents (55%) and local authority workers (16%). The majority of respondents were female (81%) and primarily aged between 40-59 (45%). Respondents identified as being from a range of ethnic groups with the most common being English/Welsh/Scottish /Northern Irish/British (38%) and African (23%). 10% of respondents had a disability and most identified as being either Christian (47%) or having no religion (27%). 80% of respondents identified as heterosexual. Although the survey respondents were mainly women aged between 40-50 (45%) the qualitative work through focus groups and 1:1 meetings focussed on younger women and girls in order to get a balance of views overall.

Whilst it is acknowledged that the survey was not a fully representative random sample of Barking and Dagenham's population, it does however provide evidence to support the themes identified for the Charter. There were specific groups that were underrepresented in the consultation. Despite this the Charter and associated action plan make commitments to tackle gender based inequality which will improve outcomes for all. It is recognised that particular groups of women e.g. transgender women, gay women, or women from BAME communities, may face further issues and as such the Charter commits to working with partners and the community to tackle such inequality.

There was a specific focus on women and the survey was intended to be used in conjunction with the qualitative data which was gathered in the focus groups and one to one interviews. The consultation confirmed that respondents wanted the themes of the charter to reflect the national themes uncovered during the research and scoping phase. The four themes therefore agreed for the charter were:

1) Economic inequality the impact of caring responsibilities
2) Power and poor representation in public life
3) Culture and education
4) Violence against women

These are themes that are used by UN Women[47], by the London School of Economics[48], by key gender equality campaigning organisations in the UK[49] and by the government itself[50]. Education has been added to the culture theme to highlight the importance of educating people in order to overcome the issues faced by women. This includes educating young women in schools to educating women and men who live or work in the borough.

In terms of priorities for the Charter from those given, respondents were quite evenly split between these top five (from highest votes to lowest):

- ending violence against women and girls
- ensure men and women can earn the same
- ending sexual harassment at work and in public
- reducing teenage pregnancy
- support more women into well paid jobs

Key actions emerging from meetings and focus groups

The meetings and focus groups were centred on finding practical solutions to ending gender inequality that could be implemented within Barking and Dagenham by the local community (including community groups and charities), by businesses, other organisations and by the local authority. These results are outlined in Appendix A. Some of the key emerging issues from these meetings are:

- The need for policies to support carers balance work and caring responsibilities;
- The need for a ‘hub’ of information about advice and support that women can get;
- The need for more work in schools on gender inequality

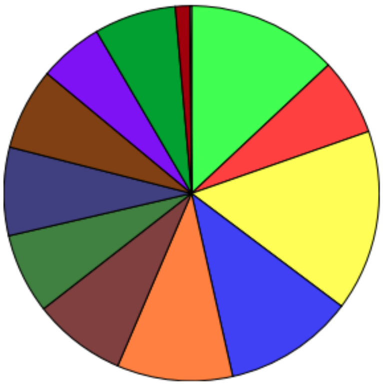
The results from the survey, focus groups with residents and conversations with Councillors, officers and other senior individuals in the borough have been drawn together to create a proposed action plan.

During the consultation period for the Gender Equality Charter respondents were asked for their thoughts on the key inequalities between women and men under these themes and what solutions there might be to change them.

priorities for the GEC

Question responses: **161 (99.38%)**

I think the gender equality charter should focus on (tick 5 that you feel apply)



	% Total	% Answer	Frequency	Count
Ensure women and men can earn the same	13.00%	13.02%	58.02%	94
Getting more women qualified in science technology engineering and maths	6.64%	6.65%	29.63%	48
Ending violence against women and girls	15.63%	15.65%	69.75%	113
Ending sexual harassment at work and in public	11.20%	11.22%	50.00%	81
Reducing teenage pregnancy	9.96%	9.97%	44.44%	72
Supporting more women to get well paid jobs	8.02%	8.03%	35.80%	58
Helping women who run businesses	6.92%	6.93%	30.86%	50
Ensuring all group(including the local authority) making decisions about the borough have an equal balance of women and men	7.61%	7.62%	33.95%	55

When asked which groups of women the Equality Charter should focus, the respondents again were quite evenly split between (from highest votes to lowest):

- BAME women
- women experiencing violence
- young women
- disabled women
- lone parents

In considering the areas identified in question 2 are there any specific groups of women we should focus on?

	% Total	% Answer	Frequency	Count
lesbian gay bisexual transgender women	5.74%	5.75%	17.28%	28
disabled women	10.66%	10.68%	32.10%	52
women from Black Asian and Minority Ethnic communities	13.52%	13.55%	40.74%	66
women from refugee and migrant communities	6.15%	6.16%	18.52%	30
women from different religious groups	6.56%	6.57%	19.75%	32
women experiencing violence	14.75%	14.78%	44.44%	72
young women	12.70%	12.73%	38.27%	62
older women	8.81%	8.83%	26.54%	43
lone parents	13.52%	13.55%	40.74%	66
other please state	7.38%	7.39%	22.22%	36
[No Response]	0.20%	--	0.62%	1

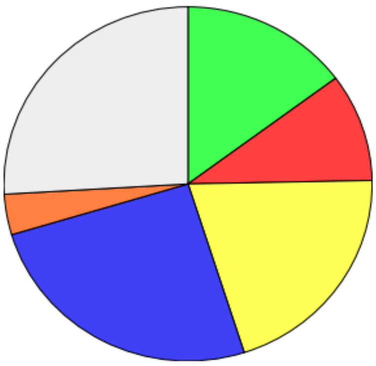
When asked what aspect of men's inequality the Equality Charter should focus on respondents said (from highest votes to lowest):

- violence and abuse
- childcare

Men's inequality

Question responses: **120 (74.07%)**

What aspect (if any) of men's inequality should we focus on?



	% Total	% Answer	Count
Unemployment	14.81%	20.00%	24
Education	9.88%	13.33%	16
Childcare	20.37%	27.50%	33
Violence and abuse	25.31%	34.17%	41
None	3.70%	5.00%	6
[No Response]	25.93%	--	42
Total	100.00%	100.00%	162

- unemployment

Open ended questions:

Respondents were given opportunities to add additional comments to these key questions. There were lots of responses, please see Appendix B (ii) for a full list of answers.

Priorities for the Gender Equality Charter - other please state
For this question the most common answer was 'all of the above'. There were more suggestions, however many of them could be categorised under the priorities already outlined e.g. one respondent suggested 'more women in senior positions' which would fall under 'ensuring all groups who makes decisions have an equal balance of women'. The only two original suggestions were a focus on FGM and a focus on men experiencing violence.

Which groups of women should we focus on - other please state
In terms of specific groups of women the most common answer was 'all women' - with respondents feeling strongly that all women should be the focus of the Equality Charter. The second most common answer was a focus on carers who had no other distinguishing feature e.g. being a lone parent or experiencing violence as respondents felt that they were often ignored.

What else should we focus on - other please state
This open ended question received the most answers with a variety of suggestions being put forward by respondents. As above, many of the suggestions made by respondents were similar to those already stated in earlier questions e.g. many answered 'equal pay' despite this being given as option in question one. The original answers can be broadly themed into three popular categories - education, workplace arrangements and information hub of available support.

Regarding **education** respondents had a variety of suggestions but most seemed to think that it was vital to start discussing gender equality in schools from a young age and use this as a forum to address problems such as sexual harassment and occupational segregation. There was also a strong call to use education as a tool to empower adult women who may not know about their rights or how to stand up for themselves

In terms of an information hub - transparency of information, a directory of services and available support and making it easier to direct men and women to available groups and services was also commonly sited.

Broadly another main theme of responses was around work. Issues such as good quality part time work, women in senior leadership roles, getting men to help with caring, job shares, equal pay and helping carers access training opportunities were raised again and again with the consultation.

Annex A(ii) - Key actions emerging from meetings and focus groups

Who should do it?	What should they do?	Why should we do it?
business	sponsor a family friendly award	
business	CoC to develop family friendly working policy templates	
business	CoC to link with the CVS in a more strategic way	
business	zoned places for nurseries	
business	naming of businesses that are good partners - praising good employers - commitment to living wage, commitment to recruit and work locally with us, packages of support that would help people, work with colleges	
business	childcare, flexible training	Education - women lack of access and control over what they do
business	welcome carers after a career break	
business	recognise skills from caring in job applicants	
business	provide training for returners	
business	prioritise jobs for people who live in the borough	
business	provide more flexible/ remote working opportunities	
business	childcare vouchers	
business	more job shares, better flexible working hours training opportunities for stay at home mums and dads, help with nurseries - e.g. provide creche	training available but doesn’t lead to a job
business	unisex clothing lines	
business	paternity leave	
business	enforce equal pay	
community	education in schools	housing - women’s lack of awareness about rights and responsibilities
community	community education in schools mobile services	Healthy relationships -males and females
community	encourage men to go to childcare and parents groups	
community	provide childcare for training courses	

Who should do it?	What should they do?	Why should we do it?
community	provide voluntary jobs which lead to qualifications	
community	more support groups for me	
council	disaggregated data collection	male mental health
council	local emergency support fund	loss has caused huge damage
council	clinical commissioning groups	low engagement with CVS
council	sexual harassment - as part of the healthy schools initiative?	
council	language around girls - stonewall style campaign	
council	woman's directory - with information for women about awareness programmes, mentoring sessions	
council	council to use private sector contracts to demand family friendly working policies and support of women led SMEs	
council	Bring teenage pregnancy and NEET boards together in a meaningful way	
council	look at the apprenticeships granted in schools and in the council	
council	chairs the sexual health board - how can you bring them together with NEETs	
council	Need more IDVAs	
council	need more long term support - counselling etc	
council	we need to roll out some systematic and strategic training - people on front line, social workers are saying 80 - 90% of their cases are VAWG of some kind, housing, come across it all the time	
council	engagement with the CVS	
council	need funding for initiatives already in place	
council	need some kind of physical communication - newspaper etc - that everyone reads	
council	positive discrimination by business women's leadership support programme	underrepresentation in leadership roles and in corporate
council	Provide the same health workers over the course of a pregnancy and childbirth	
council	provide specialist pediatricians	
council	have maternity workers engage in relationship counselling	

Who should do it?	What should they do?	Why should we do it?
council	tackle anti-social behaviour	
council	improve the community environment	
council	reduce creche costs	
council	provide childcare for job hunting/interviews	
council	be more transparent about government spending	
council	more free, affordable childcare places, make it easier for friends and family to care for each other, pay living wage	childcare is expensive
council	more police presence in high crime areas more youth clubs - gangs and teenage pregnancies	safety
council	public education campaigns on stigma	
council	enforce equal pay law	
council	bill to eradicate sexist policies	
council	paternity leave	

Appendix A (iii) Results of the open ended questions in the GEC Consultation

Priorities for the GEC - other please specific	Specific groups of women - other please specify	Men's inequality - other please state	What else do you think should be done to reduce gender inequality?
increasing the number of women in senior positions	older women that are single parents and work part time should receive help as the unemployed and and young mums seem to receive more opportunities	Suicide (mental health generally)	invite more men and hold men only focus groups to ensure they can be aware of women's needs
Campaigning against forced marriages, religious segregation and FGM.	stay at home parents that cannot access as they don't belong to any 'specific' group	Equal rights for fathers	women part-time jobs
ensuring that adequate support services are in place for women affected by domestic abuse	Carers	all	Equal opportunities
Ensure equal opportunities for men and women, without coming across patronising that women	women needing flexible working patterns	Not sure I understand the question?	encourage men to be more involved in childcare More opportunities for women to return to work and better cheaper childcare

Priorities for the GEC - other please specific	Specific groups of women - other please specify	Men's inequality - other please state	What else do you think should be done to reduce gender inequality?
cope less than men.			
all of the above	No exclusions	are you having a laugh	start talking about it in primary school so children learn to view gender equality as the norm
all of the above	girls	all	employment
all of the above	All groups including white british should be focused on	Not sure if I have interpreted this question correctly - is it about inequality experienced by men? or female inequality relative to men?	same opportunities, equal pay, treat everyone the same
Support Men who Suffer Domestic Violence	All Women	raising awareness of women's issues by tackling pre conceived ideas of what gender means	more job shares, not to be penalised for child illness etc at work
gender equality	All women, but celebrate different groups on a rotational basis.	How do men need to change in order to enable women and girls equality	to help parents in terms of training opportunities
encourage more women to own their own economies so they can be financially independent	women at risk of "honour" based violence and harmful practices.	?	Titling this as "Women and Gender Equality Charter" is a poor starting point in my opinion. Equality is equality irrespective of gender, so labelling the Charter in it's current way could be construed as positive discrimination. Simply "Gender Equality Charter" would be far better as this facilitates a true level playing field.
gender equality should focus on ways of tackling the roots of discrimination and strategies to maintain/ promote women's leadership	anyone who needs it	all	Promoting more flexible work patterns that fit in with the needs of women and ensuring that opportunities to progress within the workplace are not restricted by these needs.
women from ethnic minorities in oppressive religions	It's 2015 not 1970. Spend council tax payers money on services not useless quangos	all	That men talk to women as equals not as if they are better than women at everything
	All women	all	Better education in schools for all. More career advice for youngsters to help them decide how to progress in their chosen career what options are available as not all students want to go

Priorities for the GEC - other please specific	Specific groups of women - other please specify	Men's inequality - other please state	What else do you think should be done to reduce gender inequality?
			to University as families on a lower income cannot support them or want to end up with debt from student loans. Colleges come into school to show what courses and support they offer on their courses leading to to various career paths and employers in the borough who have vacancies or skills shortages in specific professions. This might solve the problem of studying and finishing courses and not being able to secure a job in their chosen profession. Possibly employers offering work placements to gain experience which seems to be an issue for lots of newly qualified students whilst on their courses which what else could be done Consultation
	we are stronger together	all	set serious targets such as 50:50 gender equality in the elected arm of council and 50:50 gender equality in the workforce. set a zero tolerance for all workplace discrimination target schools for female youth leadership learning opportunities offer subsidised training courses for women to improve employment opportunities
	All women	all	Empowering women to believe in themselves
	All women	mental health support	Don't focus on female quotas: reframe the issue and set a maximum number for boys and men.
	All women		Lobby the Government and Police to take FGM seriously and prosecute those responsible. Work with Muslim groups to treat women equally and stop segregation.
	All women		What is the definition and ROOT cause of this concept? Men are women will play different roles by their very physiological, emotional, physicals
	stay at home parents that normally cannot access as they don't belong to		i think that fundamentally there needs to be an acknowledgement that inequality between men and women

Priorities for the GEC - other please specific	Specific groups of women - other please specify	Men's inequality - other please state	What else do you think should be done to reduce gender inequality?
	any 'specific' group		exists and that it is women who are treated less favourably than men.
	older women that are single parents and work part- time should receive 79 help . As the unemployed and young mums seem to receive more education opportunities all of the above		To ensure more services are provided to support women affected by domestic violence/abuse
	all of the above		Your questions and answers come across patronising. Yes, after century of campaigning women are still not truly equal to men - but "helping women who run businesses" is not tackling the problem but the outcomes. Women should be told they CAN run a business themselves, they shouldn't need extra help - that's the point of equality.
	all of the above		General observation - around and about the main papers available to purchase in stores tend to be the The Sun, The Mirror and occasionally the Daily Mail. It's very hard to purchase what else could be done or an Independent which offer (arguably) more considered pieces on society and gender and inequality more widely, though thankfully in the age of the internet these are accessible. Shops know their customer base and if they were there would they be purchased? I wonder sometimes. Some people are very slow to embrace social change and whilst our borough is diverse and vibrant in many ways there are plenty there that - albeit anecdotally in my humble opinion - are stuck firmly in the past. School based intervention at secondary level e.g. the White Ribbon project, Good Lad seems to me to be a good starting point along with proper relationship education in PHSE.

Priorities for the GEC - other please specific	Specific groups of women - other please specify	Men's inequality - other please state	What else do you think should be done to reduce gender inequality?
	all of the above		It's 2015 not 1970. Spend council tax payers money on services not useless quangos. This is obviously how Labour will be with Corbyn as a leader. God help us.
	all of the above		self organised women's groups Training on women's issues including in all council courses. Communicate through social media and using tech(make a video rather than write briefing
	no		Treat everyone impartially
	women on low or no incomes		equal opportunities
	all of the above		encourage men to be more involved in childcare . More opportunities for women to return to work . Better and cheaper childcare
	all women		omen need part- time jobs
	all women		start talking about it in primary schools' so children learn to view gender equality as a norm.
	all women		Employment
	all women experience discrimination so a gender equality charter should not exclude any women		to help lone parents in terms of training opportunities
	everyone		more job shares not to be penalised for child illnesses etc at work
	everyone		same opportunities equal pay - treat the same
			influence more women
			talk about it
			supporting women to run projects and celebrate their achievement encouraging women to have continuous education and keep aim high
			transparency of available opportunities
			transparency of available opportunities
			get more women into work and

Priorities for the GEC - other please specific	Specific groups of women - other please specify	Men's inequality - other please state	What else do you think should be done to reduce gender inequality?
			education -educate women in their worth -do focus groups that helps identify DV and educate them to educate their children to change the future -I believe it has to start from the source with helping women to be confident to change communities
			more engagement more transparency
			more campaigns Councillors going out , training champions in the community to champion local groups , visit churches and speak to people most people more BME's and religions
			More opportunities for both men and women .Awareness of opportunity for both men and women . Awareness of the opportunities available in the borough
			invite more men and arrange for men only Focus groups to ensure they can be aware of women’s rights and needs
			Support Counselling agency who prove to be helping men who experience domestic violence as well
			More women in the top jobs and in government
			To get women to understand that although it might be natural to be a wife and mother it shouldn't stop them from wanting, and working, to achieve more.
			Empowering young girls from an early age at school , giving young women confidence in their abilities.
			age
			Let all wages be known to all
			stop focusing on any one aspect and just focus on gender equality
			There should be focus on gender equality in schools. With mentors from the community coming in and acting as positive role models. Women of all

Priorities for the GEC - other please specific	Specific groups of women - other please specify	Men's inequality - other please state	What else do you think should be done to reduce gender inequality?
			races and religious backgrounds who are professionals need to come in and do talks so that professional attainment isn't seen as just a station for English, white females. Ratios in offices schools and other institutions need to reflect a balance.Education and consequences
			Education and consequences
			Training and awareness in school, colleges and university
			by educating women and men about gender equality
			empower women through training education and empowerment to pursue purpose
			creating more forums where under educated women especially from 129 ethnic minority can be encouraged and through the importance of education to boost their confidence
			everything possible
			community groups should be encouraged to work together. Collaboration will help to break down and eliminate isolated working.
			we can all contribute in ways which affect us e.g. I come across women who feel they have no rights to resist their husband's sexual advances - in this situation my role is to create forum for discussion to introduce different perspectives
			women in leadership programme and gender based services
			recognising the barriers faced by women - directing services/ funding to support women
			Things should be introduced in primary schools when they are still having their minds moulded. Tell 5 year olds nothing is 'boy' or 'girl'
			supporting men for emotional needs

Priorities for the GEC - other please specific	Specific groups of women - other please specify	Men's inequality - other please state	What else do you think should be done to reduce gender inequality?
			get rid of the pay gap
			abolishing sexist policy (tampon tax)
			support boys at schools with mental illnesses
			rid of the tampon tax equal pay paternity leave
			equality campaigns
			women's salary should not be decreased when they return from a maternity leave, it should be the same or increased. increased time for paternity leave.
			more paternity leave for men
			paternity leave for men
			laws
			abolish gender stereotypes
			laws
			Let's celebrate who we are, identify how we can maximise the roles we play to complement each other, not compete; as the latter supports misunderstanding and alienation with both gender

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CABINET

15 February 2016

Title: Home-to-School Travel Assistance Policy	
Report of the Cabinet Member for Children's Services and Social Care and the Cabinet Member for Education and Schools	
Open Report:	**For Decision:** Yes
Wards Affected: All	**Key Decision:** Yes
Report Author: Chris Bush, Commissioning and Projects Manager (Children's Services)	**Contact Details:** Tel: 020 8227 3188 E-mail: christopher.bush@lbbd.gov.uk
Accountable Divisional Director: Ann Graham (Complex Needs and Social Care)	
Accountable Director: Helen Jenner, Corporate Director of Children's Services	

Summary:

In July 2014 the Department for Education (DfE) published revised statutory guidance for local authorities regarding the provision of home-to-school travel assistance for children and young people, including those with special educational needs and/or disabilities ("the Guidance"). There have not been changes to the relevant law, but the Guidance states that local authorities must make their policy clear and easy to understand.

The Guidance is statutory guidance, which means that the Council is under a duty to have regard to it when carrying out its duties in relation to home to school transport and sustainable travel.

As a result, a revised policy was subsequently developed. This proposed revision contains some key changes compared with the current policy as follows:

- A narrowing of the eligibility criteria for home-to-school travel assistance to mirror the Council's statutory obligations;
- A removal of *automatic* entitlement to travel provision for certain groups of children and young people towards whom no automatic legal duty to offer travel assistance is owed. The new policy proposes greater use of discretion on a case-by-case basis for these groups.

The groups of children and young people who may be affected by these changes are discussed in detail in section 2 of this report.

In addition to the policy context underpinning this work is the financial landscape against which the Council is operating. Expenditure on home-to-school travel provision is an ongoing cost pressure, and the financial impact of these proposed changes has been evaluated and is detailed within the body of the report. Given the continuing growth in demand, with no action this pressure will continue to increase.

Following extensive discussions with the Cabinet Member for Children's Services and Social Care and the Cabinet Member for Education and Schools, it was agreed that the proposed policy would be made subject to a full public consultation lasting 12 weeks. This consultation ran from August to November 2015. This report will set out the findings of that consultation; discuss the options available; and, outline the implications associated with these options. It will request that Cabinet adopt the proposed policy.
Recommendation(s) Cabinet is recommended to: (i) Note the outcome of the public consultation on the draft proposed revisions to the Council's Home to School Transport Assistance Policy, as set out in the consultation report at Appendix 1 to the report; (ii) Agree the proposed revisions to the policy as set out in section 2 of the report; and (iii) Adopt the new Home to School Transport Assistance Policy as set out at Appendix 2 to the report
Reason(s) To assist the Council to achieve its corporate priority of "Enabling social responsibility" in the context of its statutory responsibilities and ongoing financial pressures.

1. Introduction and Background

1.1 The Council has a legal duty to provide travel assistance for "eligible children" as they consider necessary to facilitate their attendance at school (s508B Education Act 1996 (EA 1996). The term "eligible children" is defined at Schedule 35B of the Education Act 1996. A duty to make arrangements only exists in the case of an eligible child, as so defined. In addition, the Council has a discretionary power to make travel arrangements for non-eligible children. The Council provides travel assistance to approximately 470 children and young people at any given time.

1.2 How this travel assistance is provided is governed by the *"London Borough of Barking and Dagenham Transport Policy Statement"*. There is a need to revise the policy on the provision of home-to-school travel assistance for a number of reasons:

- In July 2014 revised statutory guidance was issued by the Department for Education (DfE) regarding the provision of home-to-school travel assistance;
- In December 2014 savings proposals put forward by Adult and Community Services that affect the shared – and jointly funded - Passenger Transport Service (PTS) were accepted;
- The budget for home-to-school travel assistance remains under significant pressure, with over-spends reported in all recent years, with population growth data indicating that this is only likely to increase.

1.3 A revision to the existing policy has been drafted titled *"The London Borough of Barking and Dagenham Special Educational Needs and Disabilities (SEND) Home-*

to-School Travel Assistance Policy". This document outlines the approach that will be taken to determine eligibility and provision of home-to-school travel assistance from 2016 onwards and is set out at **Appendix 2**.

1.4 Following extensive discussions with the Cabinet Member for Children's Services and Social Care and the Cabinet Member for Education and Schools, it was agreed that the proposed policy would be made subject to a full public consultation lasting 12 weeks. This consultation ran from August to November 2015. The findings of this consultation are presented later in the report and in **Appendix 1**.

1.5 It is important to note that there has been no substantive change to school transport legislation and the associated duties continue to rest with local authorities i.e. eligibility has not changed regarding the nearest suitable school concerning children and young people who by reason of their disability cannot be expected to walk to school.

1.6 This report sets out the findings of the consultation and the options and implications. It will request that Cabinet indicate the components of the proposed policy it wishes to adopt, those it does not and grant authority for, and agree the publication of the final *"London Borough of Barking and Dagenham Special Educational Needs and Disabilities (SEND) Home-to-School Transport Assistance Policy"* subject to a version being produced that is compliant with the wishes expressed by Cabinet.

Financial Context

1.7 Additional to the policy drivers for change, there remain ongoing pressures upon the budget. In 2014/15 the budget for this area was exceeded by approximately £410k. For 2015/16 a total expenditure of £2.32m is forecast equating to an overspend of circa. £200k[1]. This forecast is based on the current cohort of children and young people and can be considered highly accurate. The table below illustrates this position.

<table>
<tr><th>Travel Assistance Type</th><th>No. of CYP</th><th>2015/16 Budget</th><th>2015/16 Forecast</th><th>Budget Pressure</th></tr>
<tr><td>Bus provided by in-house Passenger Transport Service</td><td>272</td><td>£1,290,500</td><td>£1,290,500</td><td>£0</td></tr>
<tr><td>Private Hire Vehicles (Taxis)</td><td>112</td><td rowspan="4">£832,000</td><td>£916,000</td><td rowspan="4">£200,000</td></tr>
<tr><td>Independent Travel Training/Travel Buddy Programmes</td><td>24</td><td>£42,000</td></tr>
<tr><td>Mileage (paid directly to parents for transporting their child)</td><td>17</td><td>£7,000</td></tr>
<tr><td>Direct Payment (paid directly for parents to commission their own provision to best suit their needs)</td><td>45</td><td>£67,000</td></tr>
<tr><td>Totals</td><td>470</td><td>£2,122,500</td><td>£2,322,500</td><td>£200,000</td></tr>
</table>

[1] The reduction in overspend can be attributed to an increase in the base budget, a more robust approach to decision making concerning eligibility and tight financial management. Without this increase in the base budget (see section 3.3) the actual overspend for 2015/16 would be circa. £400k, similar to that for 2014/15.

Notes
1. No. of CYP figure is as of 10 December 2015.
2. The total cost of the in-house Passenger Transport Service is shared with Adult Services and is £2.5m per annum. Furthermore, this is centrally recharged services. The estimated notional split (based on usage) is 51% Children's Services and 49% Adult Services.

1.8 It should be noted that considerable work has been undertaken to ensure maximum efficiency is being achieved, and this has realised considerable reductions in expenditure. It is now the case that significant further efficiencies cannot be realised within the existing arrangements.

1.9 It is crucial to understand the cost pressures outlined in this report are based on the current cohort of children and young people. Over the past 5 years the borough has experienced exceptionally high demand for school places (the highest in the country) and this includes demand for high needs provision. This growth in demand is expected to continue, translating into even greater financial pressure if the status quo is maintained. Furthermore, legislation makes it clear that that the Dedicated Schools Grant (DSG) may not be used as a source of funding, so the ongoing pressure (and any future increase) would be borne solely by the Council's General Fund.

2. Proposal and Issues

Proposal

2.1 It is proposed that the revised *"London Borough of Barking and Dagenham Special Educational Needs and Disabilities (SEND) Home-to-School Travel Assistance Policy"* be adopted. When considering this proposal, the following should be considered.

2.2 The Council cannot escape its duty to make suitable travel arrangements for a child that is an "eligible child". The form of assistance given, whether under the law or as a result of the Council's discretion, can vary and the Council will decide which form of assistance will be offered in any given case. It must always be suitable, which means meeting certain criteria. The Council can, however, make changes to the discretion it exercises in relation to other children and young people, but in doing so it must have regard to the Guidance and act in accordance with the law.

2.3 Whilst the revised policy is consistent with statutory Department for Education guidance, and complies with the law, it does propose some important changes that will impact some service users and *could* be the subject of legal challenge. The proposed changes reduce discretionary entitlement to some children and young people that they currently receive by virtue of fitting into various categories of entitlement that go beyond the legal duties owed. This does not mean that these groups of children and young people would no longer be eligible; rather the decision regarding eligibility could be taken on a case-by-case basis. A brief summary of the groups affected, and the associated financial implications, follows below.

Pre-school Children

The Council only has a duty to provide travel assistance when the child is of statutory school age. Discretion has previously been used to provide transport to enable pre-school aged disabled children to attend maintained, specialist settings. It is proposed that the policy be changed to allow for a more robust application of eligibility as defined by law, for this group of children. Future awards to pre-school children will be made on an individual discretionary basis.

Reduction in budget pressure: up to £45k (12 children and young people)

Children and young people in wheelchairs

Wheelchair users have *all* historically been considered as *automatically* eligible for home to school transport assistance under the current policy of awards to this group. The proposed change is that no child or young person is provided with travel assistance, unless they are an "eligible child" under the law, or the Council decides to use its discretion in their case. As with all travel assistance, the form of assistance given is to be decided by the Council, and will not necessarily mean the provision of a vehicle.

Reduction in budget pressure: up to £50k (9 children and young people)

Children with Behavioural, Emotional and Social Difficulties (BESD)

Children with BESD as their primary need, attending specialist settings, are more likely to be able to travel independently to those schools, and this should be considered for all of these children and young people. These children and young people may, or may not, be eligible children for whom we must make travel arrangements.

Reduction in budget pressure: up to £65k (14 children and young people)

Post-school age Students

The Council has a duty to provide assistance for some students who have left school, possibly up to the age of 25. The current policy states that the local authority will consider travel support up to the age of 25. There is scope for reducing the level of direct travel provision, instead offering guidance towards other forms of support i.e. tapping into funding that colleges have to support these kinds of travel arrangement or the provision of Independent Travel Training.

Reduction in budget pressure: up to £40k (14 children and young people)

2.4 An outline of the risk associated with the above options is discussed in section 8.

2.5 It cannot be stressed strongly enough that the proposals put forward would not *automatically* disqualify from services, any child or young person that falls into one of the above groups. Instead, these proposals provide a policy footing that shifts from *automatic eligibility* for these groups of children and young people to whom the Council does not necessarily have a statutory duty, to one that allows the Council to use discretion informed by an assessment of need to determine any level of home-to-school travel assistance provided.

2.6 The above gives a *maximum* potential reduction in budget pressure against the current forecast of up to £200k per annum. It should be noted that these figures do not account for population growth and are calculated solely against the current cohort. With the growth in the child population showing little sign of abating, the potential increase in demand could reasonably be expected to result in the impact of some of the above savings being as a cost containment measure.

Issues

2.7 It is crucial to understand the cost pressures outlined in this report are based on the current cohort of children and young people. Over the past 5 years the borough has experienced exceptionally high demand for school places (the highest in the country) and this includes demand for high needs provision. This growth in demand is expected to continue, translating into even greater financial pressure if the status quo is maintained.

2.8 The recently launched “Inclusive Strategy for Children and Young People with Special Educational Need and/or Disabilities – 2015-2018” has, amongst its’ aims, an objective to reduce the number of children and young people with special educational needs and/or disabilities that are educated in settings outside of the borough will also have an impact. The effects of this are likely to be positive (out-of-borough transport is amongst the most costly).

3. Options

3.1 **Option 1: Do nothing**

If the Council makes no amendments to the existing policy an updated policy that exactly mirrors the existing version will be published to satisfy the Department for Education requirement to do so. The existing financial pressure would remain and, given the population growth, likely increase.

3.2 **Option 2: Adopt all proposed policy changes**

If the Council chooses to adopt all of the proposed policy changes, an updated policy that mirrors that appended to this document will be published, satisfying the Department for Education requirement to do so. It is highly likely that the existing financial pressures would be ameliorated – notwithstanding a greater than expected growth in the school-age population. Decisions concerning home-to-school travel assistance will be made in accordance with the law, and for discretionary elements officers will have the flexibility to take decisions based solely on need and not, as previously, a policy-dictated entitlement.

3.3 **Option 3: Adopt some of the proposed policy changes, rejecting others**

The Council may choose to accept some of the proposed policy changes, whilst rejecting others. In this instance Cabinet is requested to provide precise details of the elements of the policy Cabinet chose to reject are made known to the Corporate Director of Children’s Services so that final published version of the policy can accurately reflect the decision of Cabinet. An updated version of the policy will be published that reflects only those proposals that Cabinet have chosen to adopt. The existing financial pressure would be partially, but not wholly, mitigated.

Risks

3.4 When evaluating these proposals, it is vital that this is done within the context of Barking and Dagenham, and the potential impact that this may have on children, young people, families and carers in the borough. Barking and Dagenham has high levels of deprivation. It has the 7th highest proportion of children living in low income families, has been identified as the 7th most deprived borough in London (out of the 32 boroughs in the capital) and is the 22nd most deprived borough in the country. Problems of disadvantage in education, income and health are all significant drivers of deprivation in the borough, and the proportion of children living in workless households in the borough is significantly greater than that found in England, London and in similar areas.

3.5 The borough is also experiencing significant growth in the child population, driven by high birth rates and economic migration into the borough. The levels of need in the borough are also increasing; referrals into Children's Social Care have risen over the past year, and this rise has seen an escalation in recent months.

3.6 The key risks to children, young people and their families could neatly be summarised as follows:

- The withdrawal of assisted home-to-school travel assistance results in the attendance at school of some children and young people falling.
- Families that are already under significant economic pressures reaching breaking point, increasing pressure on other areas of Children's Services e.g. Children's Social Care. There would be an associated, but undetermined cost implication if this were to happen.
- Failure to promote independence strongly enough, limiting the chances of a successful pathway into adulthood.
- A reduction in transport to local provision for those Children and Young People with BESD may lead to higher placement costs as a result of parents/carers pushing for alternative, more costly provision outside of the borough. This could be ameliorated by a robust approach with local schools and ensuring that sensible financial decisions are taken on a case-by-case basis (proposed changes do not automatically exclude this cohort, but allow for a discretionary approach to be legitimately taken by the Council).

3.7 The key risks to the Council are reputational and financial. A poorly conceived consultation, or the perception that inequity has not been addressed, would not be well received by residents or partners. This can be ameliorated by a carefully orchestrated public consultation exercise. There also remains the ongoing financial challenge facing the Council. As has been discussed at length in this report, levels of spend exceed by some margin the allocated budget. This can be ameliorated in one of two ways; managing demand; or accepting that current levels of spend are appropriate and aligning budgets accordingly.

4. Consultation

4.1 Given the nature of the policy, and the potential implications of any changes, it was decided that a public consultation should be conducted to fully understand the views of our residents. To this end, and to ensure independence, an external organisation was engaged to conduct the consultation on behalf of the Council.

4.2 This organisation, French Squared CIC, is a social enterprise that delivers training and consultancy services in the field of children services across London and directly delivers Children's Services in the Midlands. It has extensive experience in the field of children and young people with special educational needs and/or disabilities, including consultation of this nature.

4.3 The consultation ran from 10 August 2015 until 4 November 2015. The appended report outlines the consultation process, summarises the findings and makes a number of recommendations LBBD may wish to consider. The recommendations give due regard to the Education Act 1996 (Sections 444 and 509), and the Special Educational Needs Code of Practice 2014. The Local Authority's duty is summarised in the Department for Education good practice guidance 'Home to School Travel & Transport Guidance' July 2014.

4.4 The consultation used a variety of methods to seek views. There was an online and paper-based questionnaire made available as well as a series of focus groups run. Over the 12 week consultation period, 128 completed questionnaires were received. 91 respondents were parents or carers of young people with SEN (73%). 33 respondents were professionals (27%). This included those working in education, social care, local government and the criminal justice system. Some respondents reported being professionals and carers.

4.5 Overall there was strong support for the draft policy, With the exception of one, every question that specifically asked, **'are you in agreement with this policy,'** had a majority of affirmative responses. The average overall satisfaction with the policy was 73.5%. The one question that received a majority of dissenters or suggested additional caveats, related to parents being financially liable for damage caused by their children in transit.

4.6 There was strong support for the ethos behind the policy of providing a variety of different travel assistance options. Where respondents disagreed with any particular option, it tended to relate to their own child's situation. In the focus groups all parents who initially stated they were in disagreement with a particular option acknowledged that it could be right for another child and that the principle of maximising a student's independence of travel, especially for young people at secondary school age was correct. However there was a comment on the need for reliability in the travel assistance option.

4.7 Whilst the majority of respondents are in support of the draft policy as it stands, the report makes a number of recommendations the Local Authority may wish to consider to optimise satisfaction and possibly result in a slightly more equitable policy. These are as follows:

Recommendation One: Due to the fact there is general support for the current draft policy, subject to considering some minor changes recommended below the policy should be signed off by Cabinet.

Recommendation Two: The Council may wish to align the annual Education, Health and Care Plan review process with the annual travel application process. This could result in a more streamlined and cost effective process.

Recommendation Three: The Council may wish to remove the section in the draft policy suggesting parents could be liable for the cost of damage to LBBD transport resulting from the behaviour of their children. It would be very problematic differentiating between damage caused by behaviours relating to someone's SEND condition and wilful damage.

Recommendation Four: Where direct payments are received by parents for taxis, the Council or schools may wish to consider commissioning taxis on behalf of parents as the scale of economy/purchasing power of one commissioner may drive down the overall cost.

4.8 The draft policy appended to this document has been amended to reflect these recommendations.

4.9 The full consultation report, including full details of the methodology used and a complete data analysis (including access to the raw data) is appended to this report.

5. Financial Implications

Implications completed by: Daksha Chauhan (Group Accountant Children's Services)

5.1 This report sets out the findings from the public consultation on LBBD's Home to School Travel Assistance Policy for children and young people with special education needs and/ or disabilities and is in line with the DfE guidance. It also considers the options available and outlines the implications associated with the options.

5.2 The SEND Transport service is reporting in year budget pressures of £200k as outlined in Section 3. Option 1 makes no amendments to the policy and would not improve the current budget position; Option 2 amends the policy and would mainly involve making changes to discretionary provision and if implemented is expected to alleviate the current budget pressure of £200k per annum. Option 3 would result in the adoption of some of the proposed changes and rejecting others, and would only partially offset the current budget pressures. Only the adoption of option 2 would enable the service to manage within existing budget provision.

6. Legal Implications

Implications completed by: Lucinda Bell, Education Lawyer

6.1 The Council owes a duty to provide suitable travel assistance free of charge to certain children, that is, those who are eligible as specified in Schedule 35B of the Education Act 1996. In addition the Council has discretion to make arrangements for other children. This paper proposes changes to the Council's Home to School Transport Policy.

6.2 Part 4 of the Guidance dictates that Councils consult widely on proposed changes to their policies and do so for a minimum of 28 days during term time.

6.3 It states that “Good practice suggests that the introduction of any such changes should be phased-in so that children who start under one set of transport arrangements continue to benefit from them until they either conclude their education at that school or choose to move to another school.”.

6.4 Changes to home to school transport policy must be made in accordance with the law to avoid legal challenge. As with all Council decisions this that declarations of interest are made, correct procedure is followed, consultation is undertaken in accordance with the Guidance and Cabinet Office Guidance, 2013, that the decision is within remit, is rational and evidence-based, and takes into account all relevant considerations. These include the proposal, consultation responses, Guidance, costs, advice from officers and the effects of the decision on others. If the decision affects those with protected characteristics under the Equality Act 2010, due regard must be had to the Council’s public sector equality duty. See below for details of this. In addition, the Council must act for the proper purpose and in compliance with the rights contained in the European Convention on Human Rights, be proportionate and be properly reasoned, with reasons recorded.

6.5 Members must, as ever, read all the papers that accompany this report and take legal advice if necessary.

6.6 Some of the proposals if adopted will cut funding to a group of residents who share characteristics protected by the Equality Act 2010, that is, they are disabled. It is also possible there are implications on service users who have other protected characteristics under this Act.

Public Sector Equality Duty (PSED)

6.7 The Local Authority is subject to the General Duty at section 149 of the Equality Act, the Public Sector Equality Duty, to have regard to the need to

- Eliminate unlawful discrimination, harassment and victimisation; and to
- Advance the equality of opportunity between different groups and foster good relations between different groups.

6.8 It is essential that all evidence relating to the Equality Act is considered in making this decision.

6.9 There have been several challenges to changes to home to school transport policies and adverse LGO (Local Government Ombudsman) decisions.

7. Other Implications

7.1 **Corporate Policy and Customer Impact:** An Equality Impact Assessment has been completed and is available upon request.

7.2 **Safeguarding Children:** The changes to the policy in and of themselves present no specific safeguarding concerns. It is imperative that an appropriate assessment of risk forms part of any assessment of eligibility, and it is apparent that this will be the case.

Much as is the case now, procurement exercises for home-to-school travel provision should ensure that the Council's expectations toward providers operating on its behalf are built into contracts, and that a mechanism exists for highlighting any safeguarding concerns raised, and responding to these concerns promptly.

The recommendation that Council approved frameworks of providers should be available for families to access will be a useful tool in minimising the risk associated with families directly purchasing from the market, often from providers that have not been as rigorously vetted as those attached to an approved Council contract.

7.3 **Health Issues:** Some pupils with disabilities and medical needs do not need EHC plans. Similarly, it is not necessary for children to have an EHC or Statement of Special Needs to be an eligible child for the purposes of the travel assistance duty.

Public Background Papers Used in the Preparation of the Report

- The Department for Education publication *"Home to school travel and transport guidance: statutory guidance for local authorities"* July 2014 (Guidance Document)

List of Appendices

Appendix 1 - Full Report: *"Consultation on London Borough of Barking and Dagenham Home to School Travel Assistance Policy (December 2015)"*

Appendix 2 - Policy: *"London Borough of Barking and Dagenham: Special Educational Needs and Disabilities Home to School Travel Assistance Policy (December 2015)"*

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APPENDIX 1

Consultation on London Borough of Barking and Dagenham Home to School Travel Assistance Policy

December 2015

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1. Introduction

French Squared Social Enterprise CIC has undertaken a twelve-week public consultation on The London Borough of Barking and Dagenham's draft "Home to School Travel Assistance Policy" for children and young people with Special Educational Needs and Disabilities (SEND), on behalf of the London Borough of Barking and Dagenham (LBBD).

The consultation ran from the 10th August until the 4th November 2015. This report outlines the consultation process, summarises the findings and makes a number of recommendations LBBD may wish to consider. The recommendations give due regard to the Education Act 1996 (Sections 444 and 509), and the Special Educational Needs Code of Practice 2014. The Local Authority's duty is summarised in the Department for Education good practice guidance 'Home to School Travel & Transport Guidance' July 2014.

2. Methodology

2.1 Mixed methods research design

This consultation was best suited to a mixed methods research design, collecting data through different methods. Qualitative data was obtained from focus groups and quantitative and qualitative data was obtained using a questionnaire.

The questionnaire was circulated to all parents and carers of children and young people with SEND in the Borough, through a variety of partner agencies email groups. A paper version was circulated via school transport providers, and the questionnaire was posted on LBBD council website.

The questionnaire was cascaded via email to professionals across the education, health and social care services, the voluntary sector the police and the relevant elected Portfolio Holders on the Local Council.

2.2 On-line and paper based questionnaire

The questionnaire was designed to capture opinion around the LBBD proposed policy on Home to School Travel Assistance Policy for children with special educational needs. It was divided into 5 sections: demographics, eligibility, provision, different types of support available, and parental responsibility.

Some questions elicited a "closed" response, and in these cases the number of responses and percentages are reported. Some "open" questions were asked, in these cases, the free text responses have been subjected to a content analysis, where frequently occurring themes are identified, and the frequency of response counted and reported. For these responses, percentages are not reported, as in some cases more than one response is taken from what it written by a single respondent.

2.3 Focus groups

Two focus groups were facilitated with a total of 12 parents across the groups. The groups were run by three researchers who assumed the role of moderators; responsible for asking questions, directing the discussion, and maintaining the flow of conversation. The groups were small enough for everyone to share their insights, and large enough to provide diversity of perceptions. Discussion was captured in field notes by the researchers who were employees of French Squared CIC and independent of LBBD.

Prior to the start of the focus group, every participant read the shorter and easier to read version of the *LBBD SEND Home to School Travel Assistance Policy,* and read and signed a *Participant Consent Form*. Because each participant spent up to four hours in the focus group, their level of individual contribution exceeded that needed for other forms of data gathering. Consequently, an incentive for participation was offered, and also for their comfort, sandwiches and drinks were provided.

The focus group followed the following format 1) The welcome and introduction of the moderators; 2) Overview of the topic; 3) Ground rules; 4) Opening question; 5) Main discussion; and 6) Conclusion. After the first group, and before the second group, the researchers met and discussed the first focus group for "Lessons Learnt", and adapted the approach for the second group accordingly.

Each participant was appointed a code name, which has been kept confidential and secure. Participants were referred to in the study findings as 'Participant' or 'P' only, to maintain anonymity. No children were referred to by name, and the focus groups were identified as 'Focus Group 1' or 'FG1', and 'Focus Group 2' or 'FG2'.

3. Findings of the consultation

3.1 Demographics

Over the 12-week consultation period, 128 completed questionnaires were received. 91 respondents were parents or carers of young people with SEN (73%). 33 respondents were professionals (27%). This included those working in education, social care, local government and the criminal justice system. Some respondents reported being professionals and carers. 97 respondents reported living in the Borough of Barking and Dagenham (79%) and 89 respondents reported having one or more children with SEN (72%)

Almost half of the 128 residents reported they have a child in a special School.

Answer Options	Response Percent	Response Count
Mainstream School	36.0%	32
Special School	61.8%	55
Other	9.0%	8

Other responses included 4 parents who have a child or children in Additional Resources Provision (ARP) within mainstream schools, and 4 said they have a child no longer in education.

All respondents reported having read the easy read version of the Barking & Dagenham SEND home to school travel assistance policy; 103 (95%) reported that they had understood it.

3.2 Eligibility

The majority of respondents 71% (69) reported that they felt the eligibility criteria for accessing home to school travel assistance are fair. Reasons for lack of fairness are summarised below:

Reason	Number of responses
The parent should have a right to choose if they want travel assistance	5
Children can have travel challenges, but not statement/ EHCP plan	6
There can be competing definitions of 'disability'	9
Some young people are waiting for their EHCP to be processed but still require transport	2

3.3 Provision

Respondents were asked to comment on the limiting of help with travel to only those where **serious medical or physical problems stop them from walking to school, or going to school on public transport.** Only 47 respondents felt this was fair. 7 respondents said this was fair if there was a clear assessment process. Some respondents identified other specific conditions that may not count as serious medical or physical problem but could require the need for travel assistance.

Response	Number of responses
Autism	4
Sensory	4
Mental health	1
Other mobility	1

Respondents were asked to comment on the assertion that attendance at a special school does not automatically entitle the child to help with travel, and that this **will depend on what the child needs, how far the special school is from home, and how easy it is to travel from home to school.** Responses have been coded and counted as follows:

Response	Number of responses
This is a fair policy	46
This will depend on the individual needs of the child and should be based on a proper assessment	23
Should also be driven by the needs of the rest of the family	9

Respondents were asked to comment on the use of escorts or passenger assistants, as part of the travel needs assessment, and based on **how much supervision or support the child needs and travel arrangements.** Responses have been coded and counted as follows:

Response	Number of responses
This is a fair policy	58
The assessment needs to be thorough/ holistic/ carried out by appropriate professionals	16
The assessment requires parent/ carer input	8

Respondents were asked to comment on the process of applying for transport assistance before the start of each school year. Responses have been coded and counted as follows:

Response	Number of responses
This is a fair policy	49
The assessment needs to be appropriate	3
No re-assessment should be necessary where the child's condition will not change each year	11
Issues with the assessment or application process	8
Re-assessment is an unnecessary burden	9

3.4 Different types of support available

81 respondents (84%) agreed that young people assessed as able to travel independently, could be issued with an Oyster card. Objections to the issuing of an Oyster card focussed on the suitability of the young person for independent travel, including all circumstances around their condition and behavioural traits.

67 respondents (75%) agreed with direct payments to parents or carers to help with travel costs. Objections to direct payments centred on potential abuse of the system, lack of parity with mainstream parents who do not get payments, and concern that payment would not meet the cost of transport

62 respondents (68%) agreed with payment to parents for miles travelled from home to school where their own car is used. Objections centred on a sense that parents were being paid to do what they had a duty to do anyway, concerns about abuse of the system and complexity of the claim process.

Respondents were asked to comment on the possibility of having an escort to walk with a young person, or travel with them on public transport. Responses have been coded and counted as follows:

Response	Number of responses
Supportive of the proposal	44
This role should sit with parents	4
This would need to be assessed on a casewise basis	14
This may be too expensive for the Borough	4
Escorts would need to be appropriate (checked and trained)	6

78 respondents (86%) supported travel training for children to use public transport. Objections centred on ensuring this was only used where appropriate, and subject to assessment.
Respondents were asked to comment on the use of LBBD supplied buses to take children to and from school. Responses have been counted as follows:

Response	Number of responses
Supportive of the proposal	64
Requirement to define “exceptional circumstances”	8
Concerns over timings of service	2

Concerns around loss of social interaction	2

3.5 Parent/ Carer responsibilities

Respondents were asked to comment on the assertion that **travel arrangements are made for the child, not the parent or carers, so pick-up and drop-off times cannot always be arranged to suit the parents.** Responses have been counted as follows:

Response	Number of responses
Supportive of the proposal	40
There needs to be flexibility on both sides, especially where there are other siblings	26
Do not agree	7
Drop-off points need to be reasonably located	5

Respondents were asked to comment on the assertion that where a child is transported by bus, parents/carers must always be at the set-down point to meet their child at the end of the school day. Responses have been counted as follows:

Response	Number of responses
Supportive of the proposal	72
There needs to be flexibility	5
Drop off points need to be reasonably located	1

Respondents were asked to comment on the LBBD proposal for what happens if the parent or carer is not present at drop off time (wait 5 minutes, leave a note and take child to place of safety). Costs incurred may be charged, and frequent occurrences may lead to withdrawal of transport. Responses have been counted as follows:

Response	Number of responses
Supportive of the proposal	65
Failure to be present should be explored, and withdrawal of transport should be a last resort	9
The wait time should be longer	2
Any arrangement needs to be based on communication between parent/ carer and transport	4

Respondents were asked to comment on the proposed LBBD policy to penalise parents where children are badly behaved on transport, and require payment for any damage caused. Transport could also be withdrawn. Responses have been coded and counted as follows:

Response	Number of responses
Supportive of the proposal	40
Disagree with this proposal	4
Withdrawal should be an option of last resort	2
Challenging behaviour can be a part of a condition	33
Should be subject to case wise review	7
It is wrong to blame parents who are not present	4
Can depend on the escort's training and understanding of the child	8

3.6 Additional Comments

Finally, respondents were asked to add any additional comments not covered elsewhere. A selection of these focussed on:

- Numerous respondents praised the consultation
- Numerous respondents praised the transport service
- Numerous respondents praised the draft policy
- A need for a swift response to parent/ carer questions and an appeals process
- No provision of assistance where a child goes to after school clubs
- Need to challenge double payments for Motability users
- Child safety needs to be considered above cost
- Doorstep drop-offs are favoured above drop-off points
- The needs of siblings need to be taken into consideration

3.7 The results of the focus groups

The following two themes were determined from the analysis of the data in relation to the participants' perceptions of the *LBBD SEND Home to School Travel Assistance Policy*:

- **"A knock-on effect" – the need for reliable services**
- **Child-centredness**

Each theme will now be discussed in turn. The following codes apply: FG1: first focus group; FG2: second focus group; and P: Participant.

i. Theme one: "A knock-on effect" – the need for reliable services

This theme relates to the need for reliable services to exist for successful implementation of the *LBBD SEND Home to School Travel Assistance Policy*. It specifically relates to a discussion around the impact the lack of transportation can have on normal family life. A quotation from a participant illustrates this theme:

> FG2 P2: *"It's a much bigger issue than transport for our children… it has a knock-on effect".*

Discourse revealed that poor home to school transportation services have a broad impact on family life. For example, participants related poor transport services to children's late arrival home that equates to late meals for the family, disrupted bed times, and poor sleep patterns.

There was consensus amongst participants concerning the need for appropriate, consistent and reliable transport services; which have broader financial and social implications:

> FG1 P2: *"It's hard to hold down a job"*

> FG1 P3: *"With no school support, you can't work"*

Participants spoke of commitments other than transport, which they have as parents and grandparents. For example, it was reported that some have work commitments, and other children in the family to care for (sibling/s of the child with SEND).

Discourse revealed the importance of support from the LBBD, particularly concerning the assessment of transport needs of children with SEND, which participants agreed should follow and cohere with the Education and Health Care Plan (EHCP) review process. Participants agreed that the EHCP be 'banded' as follows:

- A: No change in circumstances; EHCP remains;
- B: Child's needs are the same; school has changed;
- C: Child's needs have changed.

Participants agreed that transport assistance should continue unless the child's circumstances change. Many parents and caregivers agreed that the EHCP should be a presumption for children with certain conditions/disabilities, with particular reference made to children with progressive and severe and profound disabilities.

Participants agreed that reapplication for transport assistance each year is not appropriate:

FG1 P3: *"It's a long process… lots of paperwork"*

Concerning the set-down time limit before transport will leave, Group 1 agreed that five minutes was sufficient, however Group 2 felt that drop-off times need to be extended beyond five minutes due to unplanned occurrences and circumstances beyond parents'/caregivers' control:

FG2 P2: *"At least 10 to 15 minutes"*

FG2 P3: *"… a lot can happen in the morning before school"*

Parents and caregivers raised concerns around the suitability of the pick-up point option, with one participant warning that shelter is limited and therefore this option is inappropriate during winter months and bad weather.

Participants considered travel training a viable option, particularly for older children with SEND as it has the potential to promote independence, and prepare young people for college and work. However, it was agreed that travel training is specific to a single route, and therefore the young person will likely need additional training if a new route is required.

Chaperones were a well-supported option, but when they are replaced at short notice, participants identified that this can cause problems for some children with SEND. Parents and caregivers agreed that consistency of staffing is key for the chaperone option to work.

Participants felt that the banding option has limited potential because of issues such as parking restrictions outside schools. However, time banking was considered viable to offer a drop-off service for more than one child.

Discourse found that direct payments pass the responsibility over to parents and caregivers to transport their children to school, and offer greater choice:

FG2 P2: *"It's good because you can choose to drive your child to school, or pay a cab"*

In contrast, participants considered it riskier to commission their own transport such as taxis, and they agreed that these services could be unreliable. To counteract this, parents and caregivers stated that there is a need for approved providers that are vetted and proven to be reliable and safe. Participants agreed that it is LBBD's responsibility to ensure appropriate vetting.

The school bus option was favoured above all, with a designated Local Authority fleet considered the number one option because it offers safety, reliability, security, and peace of mind.

ii. Theme two: Child-centredness

This theme relates to the importance of adopting a child-centered approach when considering the transport needs of children with SEND; the view that not all children are the same, and that children with different conditions, disabilities and diagnoses will have different needs and requirements.

Participants agreed that the needs of each individual child are of paramount importance. They argued that, where a child attends a special school, there should be a presumption that their special educational needs are such that transport is needed.

The current Policy statement regarding "the closest suitable school" raised concerns for the participants. It was agreed that the following exceptions should be considered:

- It would be disruptive to the child if the family moves into the Borough and the child is already settled in a school out-of-Borough;
- Where a new, closer school opens and the child is already settled in a previous nearest school;
- If the Borough recommends a child should attend a specific school, and it is beyond walking distance, transport should be provided.

Furthermore, participants agreed that where the nearest suitable school is not in the Borough (i.e. on the border) both Boroughs must work together for the benefit of the child, whilst also considering the circumstances of the family.

Parents and caregivers agreed that, for some children, escorted public transport is appropriate, however for other children with more profound and severe needs and disabilities, the public transport option should not be considered. Additionally, participants agreed that public transport is advantageous for older children in terms of habituation and training concerning skills required for post-school participation (e.g. going to college and places of work).

The assertion that most or the majority of children with EHCP's do not need transport was disputed, with one participant asking:

> FG1 P3: *"Where is the evidence to support this?"*

Participants agreed that the policy should be re-worded to state "some" children.

The presumption of walking to school was not supported by participants. They agreed that the child's condition and disability would affect their ability to walk to school, and it was reported that some journeys might be complex and challenging; therefore, the LBBD Transport Policy should consider this.

Participants agreed that some children present with challenging behaviour as an integral part of their condition, therefore the child and parent/caregiver should not be penalised for this by having to pay for damage to the vehicle in which they travel, or property of other passengers. Moreover, it was agreed that there is a difference between willful bad behaviour where sanctions may be applied versus the child's condition. The importance of staff training (transporters) and peer support mechanisms were identified as vital to this end.

Overall, there was strong support for the draft policy, With the exception of one, every question that specifically asked, **'are you in agreement with this policy,'** had a majority of affirmative responses. The average overall satisfaction with the policy was 73.5%. The one question that received a majority of dissenters or suggested additional caveats, related to parents being financially liable for damage caused by their children in transit.

There was strong support for the ethos behind the policy of providing a diversity of different travel assistance options, such as travel/oyster cards, direct payments escorts etc., where respondents disagreed with any particular option; it tended to relate to their own child's situation. In the focus groups, all parents who initially stated they were in disagreement with a particular option acknowledged that it could be right for another child and that the principle of maximising a student's independence of travel, especially for young people at secondary school age was correct. However, there was a comment on the need for reliability in the travel assistance option.

Whilst the majority of respondents are in support of the draft policy as it stands, this report makes a number of recommendations the Local Authority may wish to consider to optimise satisfaction and possibly result in a slightly more equitable policy.

RECOMMENDATIONS

Recommendation One

Due to the fact there is general support for the current draft policy, subject to considering some minor changes recommended below the policy should be signed off by Cabinet.

Recommendation Two

LBBD may wish to align the annual EHC plan review process with the annual travel application process. This could result in a more streamlined and cost effective process.

Recommendation Three

LBBD may wish to remove the section in the draft policy suggesting parents could be liable for the cost of damage to LBBD transport resulting from the behavior of their children. It would be very problematic differentiating between damage caused by behaviors relating to someone's SEND condition and willful damage.

Recommendation Four

Where direct payments are received by parents for taxis, the Local Authority or schools may wish to consider commissioning taxis on behalf of parents as the scale of economy/purchasing power of one commissioner may drive down the overall cost.

4 Discussion points that have not resulted in a recommendation

There were a few questions that generated detailed debate, and some dissention amongst respondents, however this report does not recommend any changes to the policy

Pick up points

Where Local Authority buses are provided some parents objected to collective pick up points instead of collection from home. However, this report does not recommend stopping pick up points. In the current austerity climate there is need for efficiency of the school transport service. Pickup points that have been allocated are all close to the child's home. Pick up points also further promote independence and further promote inclusion in the local communities.

Nearest appropriate school

The draft policy's assertion that where travel assistance is provided, it will only be provided to the nearest school that can meet that child's needs should remain unchanged. The existing tribunal process is the appropriate way for parents or carers to challenge the Local Authorities allocation of school.

Punctuality of parents and careers

The section of the policy that stated parents or carers of children who use school busses cannot be more than five minutes late also generated much debate. However, this report recommends that this remains in the policy. It is essential that parents and carers take the responsibility for being at the drop of point. However, discussion did point out that some older teenagers are independent enough not to need their parents and carers in the home with them all the time and this could be individually agreed with the school in question. One of the key discussion themes across the consultation has been the need for reliability but this is a two-way responsibility between transport provider and the parent career. The local Authority may wish to investigate a technological solution that communicates the real-time location and estimated time of arrival of a particular bus or a taxi to a smart phone.

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APPENDIX 2

DRAFT

London Borough of Barking and Dagenham

Special Educational Needs and Disabilities Home to School Travel Assistance Policy

December 2015

Contents

1. Introduction

1.1 The London Borough of Barking and Dagenham Special Educational Needs and Disabilities (SEND) Home-to-School Transport Assistance Policy outlines the approach that will be taken to determine eligibility and provision of home-to-school transport assistance from the 2015/2016 academic year onwards.

1.2 The policy takes account of the document *"Home to school travel and transport guidance: Statutory guidance for local authorities"* published in July 2014 by the Department for Education (DfE).

1.3 The policy will be reviewed annually in consultation with stakeholders, and each review will account for any legislative or government policy changes.

2. Legal Framework and Statutory Duty

2.1 It is the responsibility of parents and carers to ensure that their children attend school and this includes the necessary travel arrangements to and from school.

2.2 The Local Authority has a duty and has powers to make particular travel arrangements for children with special educational needs and disabilities to facilitate their attendance at an appropriate education provision. These responsibilities are set out in the Education Act 1996, as amended by the Education and Inspections Act 2006 and are summarised in Department for Education Guidance as follows:

"To make arrangements for all children who cannot reasonably be expected to travel to school because of their mobility problems or because of associated Health and Safety issues related to their special educational needs or disability (SEND). Eligibility, for such children should be assessed on an individual basis to identify their particular transport requirements."

2.3 It is important to note that the 2006 Act refers to travel rather than transport. Therefore travel assistance can consist of a range of options depending on the needs of the pupil.

3. Policy Statement

"For pupils with SEN/mobility difficulties, including temporary medical conditions) entitlement to transport will be considered on an individual basis and regularly reviewed following an assessment of the child's ability to walk to school, having regard to their special educational needs, disability and/or mobility problems where relevant, and taking into account any exceptional circumstances. Cases are considered on an individual basis and relevant

supporting independent professional evidence is required before transport is agreed and regularly reviewed following an assessment of the child's ability to walk to school."

4. Pupils with Education, Health and Care (EHC) Plans

4.1 The majority of pupils and students with EHC Plans as a result of their SEND do not need and do not receive travel assistance. However, there may be some pupils and students with severe learning difficulties, physical and medical needs who may need travel assistance to assist parents in getting them to school.

4.2 The majority of children with EHC Plans will attend local mainstream schools and there is no need for travel assistance other than when a child has a significant medical or physical need that prevents them from walking to school or going to school on public transport.

4.3 Some pupils with SEND attend special schools. Attendance at a special school does not automatically make a child entitled to travel assistance. It will depend on the needs of the child, the home to school distance to the special school and the complexity of the home to school journey.

4.4 Pupils with EHC Plans at Primary School

3.4.1 The Local Authority will consider providing travel assistance from home to school for primary aged pupils provided:

- The nature and/or severity of the pupil's special educational needs prevent the parent/carer from taking their child to school without assistance (see eligibility criteria).

3.5 Pupils with EHC Plans at Secondary School

3.5.1 The Local Authority will consider providing support for travel from home to school for secondary aged pupils provided:

- The nature and/or severity of the pupil's special educational needs prevent the parent/carer from taking their child to school without assistance (see eligibility criteria); or

- The pupil cannot travel independently to school.

3.6 Pupils with EHC Plans below statutory school age

3.6.1 For children below statutory school age with EHC Plans the parent/carer is required to arrange their own travel arrangements unless the child fulfils the criteria for travel assistance. In some cases the Council may consider providing an element of assistance with travel on a discretionary basis. In order to be considered for this the following circumstance would need to apply:

- The Local Authority has placed a child with a statement or EHC Plan (or a child undergoing a statutory assessment) at a nursery school or setting, which is not the local nursery school or setting for that child.

3.7 Pupils with EHC Plans post-16

3.7.1 SEN travel assistance is discretionary at Post 16 and subject to assessment and, in exceptional circumstances; this policy may apply to learners up to the age of 25. The local authority will provide assistance with travel to post 16 education or training courses (including apprenticeships and traineeships), when it considers it necessary to facilitate a learner's participation in education.

3.8 Pupils with EHC Plans attending residential schools

3.8.1 Where a pupil is placed at a residential school by their parents/carers, the parents/carers are required to make their own travel arrangements. For school places provided by the Local Authority and named in SEN Statements or an EHC Plan, travel assistance will be provided as follows:

- Travel assistance will be provided at the start and end of each term (3 term year) and half term, other periods of closure and the beginning and end of one other weekend per half term;

- Only under exceptional circumstances will requests for additional journeys during term-time be considered. It is expected that parents/carers will be responsible for the cost of any additional journeys to and from school;

- Where children attend on weekly boarding basis, transport will be provided at the start and end of each week and for other periods of school closure only.

3.9 Pupils with disabilities and medical needs without an EHC Plan

3.9.1 Some pupils with disabilities and medical needs do not need EHC plans. However, special travel arrangements may be required. If this is the case special travel arrangements will be considered in relation to the eligibility criteria and the individual needs even though the pupil does not have a statement.

5. Eligibility

5.1 When deciding eligibility, the Local Authority will consider:

- **Age:** Is the child/young person of statutory school age?

- **Statement of SEN/EHC Plan:** home-to-school travel assistance for children and young people with special educational needs and disabilities will largely only be considered for those with an EHC Plan or Statement of SEN in place. The small number of exceptions to this are detailed throughout this document; and

- **Qualifying School:** As a general rule, if parents/carers choose to send their child to a school other than the nearest appropriate school (as determined by the local authority), then parents/carers must take full responsibility for the cost and arrangements of their child's travel to and from school.

5.2 Upon consideration of these key principles, the needs of the child/young person will be considered and the following criteria applied:

<u>Physical/medical/severe learning difficulties</u>

- Does the pupil have a medical condition or disability which would result in the walk to school causing the pupil undue fatigue, distress, discomfort or pain?

- Can the pupil access public transport without undue fatigue, distress, discomfort or pain? (This would include walking to the bus stop/ station and mounting/dismounting the vehicle).

- What is the age of the pupil and the distance from home to school?

- Is there any reason why the parent/carer cannot take the pupil to school?

<u>Social, Emotional and Mental Health Needs</u>

- Is the need of such severity that a specialist school placement is required?

- What is the age of the pupil and the distance from home to school?

- Can the pupil reasonably be expected to walk to school or travel by public transport without causing difficulties to him/her self and or to other people?

- Can the pupil travel safely without supervision, whether to school or for other purposes?

- Is there any reason why the parent/carer cannot take the pupil to school?

<u>Sensory impairment/social and communication/general and specific learning difficulties</u>

- What is the age of the pupil and distance from home to the school?
- Can this pupil walk to school and/or travel on public transport without supervision?
- Can this pupil walk to school and/or travel on public transport without an escort?
- Is there any reason why a parent/carer cannot take the pupil to school?

5.3 Escorts and Passenger Assistants

5.3.1 An assessment of the need for an escort or passenger assistant will be undertaken in conjunction with the assessment of travel needs. This will be based on the pupil's requirement for supervision/support and the travel arrangements.

5.3.2 It is often considered appropriate for primary age pupils to have an escort or passenger assistant in any SEN transport. If the child is travelling in the transport alone, it could be the parent or an escort that is provided. If a parent/carer is not acting as escort then they cannot travel in the vehicle.

6. Allocation of Travel Assistance

6.1 The initial application for travel assistance will be evaluated by the LBBD Travel Commissioner. This decision will be communicated to the applicant within 4 weeks of the application being received.

6.2 Should eligibility for travel assistance be agreed, consideration will then be given as to what assistance will be offered from the range of options available. The option will be determined by the needs of the child, the distance from home to school, public transport route, whether there is already transport going to the school and the most cost effective mode of travel assistance. The most suitable form of travel assistance will be determined by the Council.

6.3 Should eligibility for travel assistance not be agreed, and the parent/carer wishes to challenge this decision there is an appeal process that should be used. This is outlined in the 'Appeals Process' section of this document.

7. Travel Assistance Options

6.1 With the aim of promoting the independence and well being of all pupils a range of travel options are explored. All pupils should be encouraged to follow a healthy lifestyle including walking a reasonable distance to school, where possible. The following travel options will be considered in light of efficient use of resources:

- Travel pass/Oyster Card for the pupil and/or parent/carer;
- Funding payable to the parent/carer for additional costs*. This can take the form of Direct Payment toward travel assistance, or a payment toward the mileage for a parent/carer using their own vehicle;
- Walking escort/escorted travel by public transport;
- Independent Travel Training;
- Local Authority School Bus/Coach;
- In a small number of cases the use of a taxi maybe considered.

Attendance records may be required for payments being made directly to parents.

6.2 Collection points are organised throughout the borough enabling pupils to benefit from travel assistance, whilst facilitating route planning and promoting independence skills. The local authority supports and promotes independent travel training to enable pupils to further develop their independence skills and to promote independent travel at other times. Travel training assessments can be organised by the Local Authority using one of the commissioned providers. If it is felt that this could be a suitable option it can be discussed with you by the Transport Commissioner or your EHC Co-ordinator.

6.3 Travel assistance will not usually be provided for:

- Hospital, medical, or dental appointments;
- Children taken ill during the school day;
- Schools where parent/carers are making their own arrangements;
- Travel to and from after-school clubs and other extra-curricular activities;
- Schools which are not the nearest school able to meet the needs of the pupil.

** unless there are exceptional reasons for doing so*

6.3.1 Transport to and from work experience is not usually authorised unless there are exceptional circumstances. Wherever possible students are expected to travel independently to work experience, alternatively, travel assistance should be put in place by the school.

6.3.2 There are a number of circumstances in which parent/carers may be unable to accompany their children:

- The parent/carer may have a physical disability or medical condition and therefore cannot take their child with an SEND to school. In exceptional cases, where there are no other arrangements that the parent/ carer can make, the LA may provide travel assistance from Home to School.

- Parents may find difficulty in taking children with SEND to school when they have siblings to take to other schools. This difficulty is acknowledged but travel assistance cannot be provided unless the child with SEN is already eligible for travel assistance. Parents should discuss with the school whether the siblings could be taken to school earlier or check if there is a pick-up point nearer to the sibling's school. Parents are expected to explore all options before applying for travel assistance.

- Parent/carer may have to work. Although work commitments may be taken into consideration when assessing whether a parent/carer is available to accompany a child, it is normally considered a parent/carer's responsibility to balance the demands of work and child-care and make suitable arrangements.

6.3.3 In addition parent/carer preference for travel assistance (e.g. timings of collection) cannot be considered and the timings will be based on the most efficient route available. The efficient use of resources (including routings) will always take priority.

8. Review of Travel Needs (and assistance)

8.1 Entitlement to travel support is based on an assessment of each pupil's individual needs. In all cases of Local Authority travel assistance, reviews will take place to ensure that the support is still appropriate to these needs. Parents and carers will need to apply for transport assistance prior to the start of each academic year, and eligibility will be assessed accordingly each time. In addition, ongoing travel assistance will be a component of each Annual Review.

9. Parent/carer responsibilities when travel assistance is given

9.1 It is the responsibility of parents and carers to ensure that their children attend school and this includes the necessary travel arrangements to and from school. The Local Authority has a duty (and also powers) to make particular arrangements for children with special educational needs and disabilities to facilitate their attendance at school.

9.2 It is the responsibility of the parent/carer to ensure that their child is on time for collection and to receive their child after school at the designated pick up point.

9.3 Where a parent/carer is persistently late either for pick up or drop off, they will be contacted by an appropriate person for the Local Authority in an attempt to alleviate the situation. If the parent/carer continues to be late they will be referred to the Group Manager, Disabled Children to decide on appropriate action. Withdrawal of special travel assistance will be considered as a last resort. If travel assistance is withdrawn:

- Parent/carers still have a legal responsibility to ensure their child attends school;
- It will be the responsibility of the parent/carer to arrange alternative travel arrangements for their child to and from school.

8.4 Parents / carers play an important role in ensuring the smooth running of their child's travel assistance by:

- Providing home and work telephone numbers and an emergency contact number and address (through the EIF);

- Notifying the Transport Commissioning Team of any changes to normal arrangements; it is not sufficient to inform the escort and driver. Changes to address must be notified to the EHC Team and the Transport Team;

- Recognising that travel assistance is provided for the benefit of the child; pickup and drop-off times cannot always be arranged to suit parents' convenience;

- Making sure that their child is ready at least ten minutes before the pick-up time; transport can wait no more than three minutes after arrival;

- Bringing the child to the vehicle and assisting with placing the child on the vehicle;

- Always being at the set-down point to meet their child at the end of the school day, contractors must ensure the child is handed over to a responsible adult;

- Telephoning the Transport Commissioning Team as soon as possible, if their child is sick or unable to attend school for any reason;

- Advising the escort if there may be a particular difficulty with their child on a specific day;

- Ensuring their children behave in an acceptable manner on the vehicle so as not to detract from the comfort and safety of other passengers or distract the driver;

- Treating all staff with courtesy.

8.5 If a parent or carer is not at home to meet their child, the child will not be left alone. Transport will wait five minutes after the scheduled set-down time and then continue the journey, the child will be taken to a Place of Safety and a note left for the parent. Parents may be responsible for the cost of any extra travel involved and supervision provided. If such incidents occur frequently the LA will suspend provision of transport and parents will be responsible for travel arrangements to ensure that their child attends school.

8.6 Parents and schools are expected to take whatever steps are necessary to ensure appropriate behaviour on home to school travel and to take necessary action when incidents of unacceptable behaviour are reported. Incidents of serious or persistent indiscipline will lead to the LA suspending transport. Parents will then be responsible for travel arrangements to ensure that their child attends school.

8.7 However, it is appreciated that some children with special educational needs will display behaviour which is related to their special educational need, such as Autism, in this situation we will work with the school and the parent to improve behaviour so that the child can travel to and from school safely.

10. Appeals

Appeals can be made to the following: transport.appeals@lbbd.gov.uk

Stage one: Review by a senior officer

- A parent/carer has 20 working days from receipt of the local authority's home to school transport decision to make a written request asking for a review of the decision.

- The written request should detail why the parent believes the decision should be reviewed and give details of any personal and/or family circumstances the parent believes should be considered when the decision is reviewed.

- Within 20 working days of receipt of the parent's written request a senior officer will review the original decision and send a detailed written notification of the outcome of their review, setting out:

  i) the nature of the decision reached;
  ii) how the review was conducted.

iii) information about other departments and/or agencies that were consulted as part of the process;
iv) what factors were considered;
v) the rationale for the decision reached; and
vi) information about how the parent can escalate their case to stage two (if appropriate).

Stage two: Review by an independent appeal panel

- A parent has 20 working days from receipt of the local authority's stage one written decision notification to make a written request to escalate the matter to stage two.

- Within 40 working days of receipt of the parents request an independent appeal panel will consider written and verbal representations from both the parent and officers involved in the case and give a detailed written notification of the outcome (within 5 working days), setting out:

  i) the nature of the decision reached;
  ii) how the review was conducted (including the standard followed e.g. Road Safety GB);
  iii) information about other departments and/or agencies that were consulted as part of the process;
  iv) what factors were considered;
  v) the rationale for the decision reached; and
  vi) information about the parent's right to put the matter to the Local Government Ombudsman (see below).

The independent appeal panel members are independent of the original decision making process) and suitably experienced, to ensure a balance is achieved between meeting the needs of the parents and the local authority.

Local Government Ombudsman

There is a right of complaint to the Local Government Ombudsman, but only if complainants consider that there was a failure to comply with the procedural rules or if there are any other irregularities in the way the appeal has been handled. If the complainant considers the decision of the independent panel to be flawed on public law grounds, the complainant may also apply for judicial review.

11. Complaints

10.1 Should you wish to make a complaint about a service you have received please talk to the person who is providing the service or their manager in the first instance as most complaints can be sorted out 'on the spot'. However should you feel this is not possible or you do not receive a satisfactory response from the service area please contact our Complaints Team on 020

8227 2405 / 2111 or SocialCareComplaintsandInformation@lbbd.gov.uk and they will initiate a formal complaint investigation for you. You may also write to the Complaints Team at Room 115, Barking Town Hall, 1 Town Square, Barking, Essex. IG11 7LU.

12. Further Information

11.1 Further information can be found within the *'LBBD Transport Guide for Parents'* that can be made available upon request or accessed via the internet at the following address (insert link here). If you think you may be eligible for assistance as outlined in this document, please refer to the Council website at the following address transport.requests@lbbd.gov.uk or contact the LBBD SEND Travel Assistance Team at the following e-mail address: transport.requests@lbbd.gov.uk . Alternatively, you can discuss with your EHC Co-ordinator or Social Worker.

Key Term Glossary

Home

A child’s 'home' is the place where he/she is habitually and normally resident.

Nearest Suitable School

Taken to mean the nearest qualifying school with places available that provides education appropriate to the age, ability and aptitude of the child, and any SEN that the child may have.

Parent

Reference to parent in this document should be equated to mean parent/carer/legal guardian.

Qualifying School

The relevant educational establishment in relation to an eligible child will be either a qualifying school or the place, other than a school, where they are receiving education by virtue of arrangements made under section 19(1) of the Act.

Regulations clarify the entitlement for eligible children, a small number of whom may be registered at more than one educational establishment, e.g. children of no fixed abode might be registered at more than one school, and other children may be registered at a hospital school and another school, etc.

Qualifying Schools are:

- Community, foundation or voluntary schools;
- Community or foundation special schools;
- Non-maintained special schools;
- Pupil referral units;
- Maintained nursery schools; or
- City technology colleges (CTC), city colleges for the technology of the arts (CCTA) or academies, including free schools and University Technical Colleges (UTC).

For children with SEN, an independent school can also be a qualifying school where this is named on the child’s Education, Health and Care Plan (EHC Plan) or statement, or it is the nearest of two or more schools named.

Definitions

- Section 444(5) of the Act defines the statutory walking distances.

- Schedule 35B of the Act defines:

    - ‘eligible children’ (paragraphs 2-7 and 9-13);
    - ‘qualifying school’ (paragraph 15);
    - ‘disabled child’ (paragraph 15(4));

- Section 579 of the Act defines ‘child’.

- Section 509AC of the Act defines ‘compulsory school age’.

- The Children’s and Families Act section 10 defines ‘SEN’

CABINET

15 February 2016

Title: Contract for Provision of Private Hire Vehicles Transport Services for SEND Children, Young People and Vulnerable Adults	
Report of the Cabinet Member for Education and Schools	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Jackie Chamberlain, Transport Commissioner, Children's Strategic Commissioning and Safeguarding	**Contact Details:** Tel: 020 8227 3623 E-mail: jackie.chamberlain@lbbd.gov.uk
Accountable Divisional Director: Ann Graham (Complex Needs and Social Care)	
Accountable Director: Helen Jenner (Corporate Director of Children's Services)	

Summary:

The Council has a legal duty to ensure travel assistance for "eligible children" as they consider necessary to facilitate their attendance at school (s508B Education Act 1996 (EA 1996). The term "eligible children" is defined at Schedule 35B of the Education Act 1996. Children and young people with special educational needs and/or disabilities may be considered as "eligible". The Council has a further statutory duty to provide social care support under the Care Act 2014 to vulnerable adults who qualify for support under the national eligibility criteria, both for those who cannot fund their care and those who can.

This report requests authorisation for the Council to lead on a procurement exercise for the provision of private hire vehicle transport services (with and without Passenger Assistants) for children and young people with special educational needs and/or disabilities (SEND) and vulnerable adults.

This exercise will culminate in the creation of a framework of suitably qualified and experienced providers for the provision of the services outlined above. This framework will also be accessible to eligible families opting to receive a Direct Payment to make their own travel arrangements, securing them the peace of mind that a rigorously vetted framework of this nature offers.

It is anticipated that the new arrangements will take effect from 1 September 2016 (the start of the new academic year) to avoid the disruption to children and families of a potential change in provision part way through the school year, The existing contract was initially let until April 2016 but has provision to be extended up to a maximum of 12 months. It is proposed, therefore, that the existing contract be extended to 31 August 2016. The contracts awarded will be for a period of four years and, as it is a framework agreement, are likely to be awarded to multiple providers. Forecasts indicate that total expenditure in this area over the four year period will be approximately £4m. There is no fixed financial commitment involved with this proposed arrangements.

The other local authorities requesting to be named on the framework contract are the London Boroughs of Newham and Redbridge.
Recommendation(s) The Cabinet is recommended to: (i) Agree that the Council acts as the lead borough for the procurement of a four year framework contract for the provision of private hire transport services (with and without Passenger Assistants) for children and young people with Special Educational Needs and/or disabilities (SEND) and vulnerable adults in accordance with strategy set out in this report; (ii) Agree that the existing contract to be extended for a period of four months to 31 August 2016; (iii) Indicate whether the Cabinet wishes to be further informed or consulted on the progress of the procurement and/or the use of the Framework Agreement; and (iv) Delegate authority to the Corporate Director for Children's Services, in consultation with the Cabinet Member for Education and Schools, the Strategic Director Finance and Investment and the Director of Law and Governance, to award and enter into the contract and access agreements.
Reason(s) • To provide an appropriate, best-value service that delivers excellent outcomes for children and young people; • The Framework will reduce cost pressures through increased joint working, economies of scale and by use of shared services where possible. • To help meet key savings targets, through the promotion of more cost-effective means to support families of vulnerable children, young people and adults with their home-to-school travel.

1. Introduction and Background

1.1 The purpose of this paper is to explain the reasons for establishing a joint Framework Contract for Private Hire transport provision and seek approval to proceed further. This is underpinned by the overall vision: to create a framework of competent companies capable of providing a managed service of transport for children and young people with special needs and/or disabilities and vulnerable adults, where the service is provided on behalf of the Council, or is funded by the Council through a Direct Payment[1].

1.2 The Council has a legal duty to ensure travel assistance for "eligible children" as they consider necessary to facilitate their attendance at school (s508B Education Act 1996 (EA 1996). The term "eligible children" is defined at Schedule 35B of the

[1] A Direct Payment is a payment made to the family to enable them to source a personal travel solution for their child. This offers a flexible solution for families when arranging travel support for a child.

Education Act 1996. Children and young people with special educational needs and/or disabilities may be considered as “eligible”.

1.3 The Council has a further statutory duty to provide assistance for vulnerable adults in line with the Care Act 2014 to residents who qualify for support under the national eligibility criteria, both for those who cannot fund their care but also for those who can. Their eligible needs are those that are determined after an adult care assessment. As part of the assessment it may be deemed that a person requires transportation as part of a holistic package to meet a need. A personal budget will be issued to an individual so there is flexibility choice and control over the service which can be purchased.

1.4 The Council’s approach to determining the eligibility and provision of home-to-school transport is governed by the *“London Borough of Barking and Dagenham Transport Policy Statement”*. In July 2015 the Department for Education (DfE) published the document *“Home to school travel and transport guidance: Statutory guidance for local authorities”*, requiring the Council to review the existing policy on the provision of home-to-school transport assistance. It is important to note that there has been no substantive change to school transport legislation and the associated duties continue to rest with local authorities.

1.5 A revision to the existing policy has been drafted titled *“The London Borough of Barking and Dagenham Special Educational Needs and Disabilities (SEND) Home-to-School Transport Assistance Policy”*. This revised policy has been subject to a twelve-week public consultation, and the results of this will be presented to Cabinet in February 2016 replete with recommendations.

1.6 It should be noted that any outcome of changes to the Council’s policy will not obviate statutory duties, and therefore there will continue to be a requirement for this provision to meet the needs of a cohort of children and young people with special educational needs and/or disabilities.

1.7 Currently, the Council provides home-to-school travel assistance to approximately 470 children and young people with SEND. The form that this travel assistance takes can be seen in the table below:

<table>
<tr><th>Travel Assistance Type</th><th>No. of CYP</th><th>2015/16 Budget</th><th>2015/16 Forecast</th><th>Budget Pressure</th></tr>
<tr><td>Bus provided by in-house Passenger Transport Service</td><td>272</td><td>£1,290,500</td><td>£1,290,500</td><td>£0</td></tr>
<tr><td>Private Hire Vehicles (Taxis)</td><td>112</td><td rowspan="4">£832,000</td><td>£916,000</td><td rowspan="4">£200,000</td></tr>
<tr><td>Independent Travel Training/Travel Buddy Programmes</td><td>24</td><td>£42,000</td></tr>
<tr><td>Mileage (paid directly to parents for transporting their child)</td><td>17</td><td>£7,000</td></tr>
<tr><td>Direct Payment (paid directly for parents to commission their own provision to best suit their needs)</td><td>45</td><td>£67,000</td></tr>
<tr><td>Totals</td><td>470</td><td>£2,122,500</td><td>£2,322,500</td><td>£200,000</td></tr>
</table>

Notes

1. No. of Children and Young People (CYP) figure is as of 10 December 2015.
2. The £2.5m cost of the in-house Passenger Transport Service is shared with Adult Services. Furthermore, this is centrally recharged services. The estimated notional split (based on usage) is 51% Children's Services and 49% Adult Services.
3. It should be noted that whilst the spend shown above on Private Hire Vehicles (£916k) appears to be less per annum than the overall annual contract value (£1m), this is because in addition to the spend above which is for CYP with SEND, there is also a small additional amount of spend for transporting CYP with Social Care needs e.g. contact arrangements for children in care. This is funded from separate budgets within the individual Children's Social Care Teams, as does not impact on the expenditure profile for the SEND Transport Budget.
4. It should further be noted that Cabinet are also considering revisions to the Home-to-School Travel Assistance Policy, and the outcome of these discussions may yield a reduction in future cost pressures.

1.8 As the Council pursues an agenda of personalisation it is anticipated that the number of children and young people being transported in private hire vehicles arranged directly by the authority will reduce. It is highly unlikely, however, that a position will be arrived at where this figure reaches zero as no family can be legally compelled to accept a Direct Payment in lieu of direct provision. Furthermore if, as is hoped, an increasing number of families *do* choose a Direct Payment so that they may make their own arrangements for home-to-school travel, they will need access to providers who are suitably qualified and experienced to meet the needs of their child. This framework would offer families a significant degree of reassurance in this respect.

1.9 This formalised approach will continue to drive savings through joint working with neighboring Councils (and the associated economies of scale of this approach) and by use of shared services where possible. It will also enable financial transactions to be based on contracted prices, helping to continue with cost containment and accurate expenditure forecasting.

1.10 The proposed procurement will ensure that local companies are able to tender for the provision of private hire, coach and special vehicle provision, all with qualified and trained drivers. All providers must be capable of ensuring continuity of supply, including tight management of safety, vehicle and driver provision to ensure minimum disruption of supply to vulnerable members of the community. Separate lots will ensure provision of special needs transport with appropriately qualified, vetted and trained passenger assistants.

1.11 The current contract governing this provision expires on 28 April 2016 and has an option to extend for up to one further year. The intention is to extend the current contract for a period of four months, to allow existing provision to be delivered uninterrupted for the remainder of the academic year, with the new contract (and reconfigured delivery) being in place for the start of the next academic year to minimize disruption for children, young people and their families.

2. Proposed Procurement Strategy

2.1 Outline specification of the works, goods or services being procured.

2.1.1 Prior to the full tender, the existing contract will be extended by a period of 4 months, to 31 August 2016. This is to avoid the disruption to children and families of a potential change in provision part way through the school year, with any new contract taking effect for the start of the academic year (1 September 2016). The existing contract has an extension clause that allows for this course of action.

2.1.2 The council on behalf of themselves, LB Redbridge and LB Newham, will invite expressions of interest from suitably qualified and experienced private hire providers interested in joining a Framework Agreement to provide transport for children and young people with SEND via private hire vehicles (with and without Passenger Assistants).

2.1.3 The framework will be accessible to all boroughs who have provided a formal expression of interest to be named in the development of this Framework.

2.1.4 The maximum number of participating firms will be 35 and the Framework Agreement will run for 48 months from the anticipated commencement date of 1 September 2016. The framework will comprise 8 lots as follows:

- Lot 1: Saloon Cars
- Lot 2: Saloon Cars with Passenger Assistants
- Lot 3: Multi Person Vehicles (MPV) up to 8 seats
- Lot 4: MPV with Passenger Assistants
- Lot 5: Mini-bus (12 seats and above)
- Lot 6: Mini-bus with Passenger Assistants
- Lot 7: Accessible vehicles (12 seats and above)
- Lot 8: Accessible vehicle with Passenger Assistants

The rationale for having a maximum of 35 providers on the framework is to ensure that the performance of each provider can be monitored within the resources of the transport commissioning office

2.1.5 There are a number of accepted advantages to agreeing a contractual framework over spot-purchasing.

- Quality assurance monitoring can take place across the participating authorities both with regard to statistical returns, as well as regular meetings with providers;
- Good practice and training opportunities can be shared amongst providers and forums held with local partners;
- Good quality services should lead to more consistent, needs-focused, transport for children, young people and adults, allowing them to live more normal lives;
- A pre-agreed pricing structure that commits the providers to maintain their base prices across the term of the contract;
- Guaranteed pricing structure for local residents and those in receipt of direct payments

2.16 The particular contractual method recommended to Cabinet, that is a Framework Agreement, would have additional advantages. It would not oblige the local authority to purchase any particular volume from a provider. As the tender would be issued on behalf of all participating authorities the quality assurance requirements would be identical, leading to efficiencies on the local authorities' side in their respective commissioning and procurement services.

2.2 Estimated Contract Value including the value of any uplift/extension period.

2.2.1 The contract will be a Framework Contract that will have no minimum value, nor will any commitment to expenditure by the Council be stipulated within the contract itself. Expenditure will only be incurred when referrals are made. The estimated contract for each authority is as follows:

LB Barking and Dagenham: circa. £1m per annum (circa. £4m in total)
LB Redbridge: circa. £385k per annum (circa. £1.54m in total)
LB Newham: circa. £175k per annum (circa. £700k in total)

2.2.2 The total value of the contract would, therefore, be circa. £6.24m.

2.2.3 The total value of extending the existing contract for a period of four months is £350,000.

2.3 Duration of the contract, including any options for extension.

2.3.1 The framework contract will be for four years.

2.4 Is the contract subject to the (EU) Public Contracts Regulations 2015? If Yes and the Contract is for services, is it subject to the light touch regime?

2.4.1 This contract is subject to the (EU) Public Contracts Regulations 2015 and is not subject to the light touch regime.

2.5 Recommended procurement procedure and reasons for the recommendation.

2.5.1 The tender process will be conducted in compliance with any European Union rules and principles and the Council's Contract Rules. The tendering of this service will be advertised on all participating Councils' websites and on Contract Finder, which is a free service for businesses, government buyers and the public.

2.5.2 There is a requirement for the tender to be advertised in the OJEU as it is subject to the Regulations. The Council's own Contract Rules require a formal tender process to be followed and the EU Treaty principles of transparency, non-discrimination and equality of treatment do apply. The route of a tender process has previously worked well: providers engaged with and had no issues with the way in which the procurement process was run. Interested parties will be invited to tender on the basis of a compliant tender process.

2.5.3 All providers who express an interest in the tender will be issued with a tender pack which will give clear details on the price/quality criteria and weightings. The weighting will be 80% price and 20% quality. This will be a single stage tender using the Open Process and will offer the opportunity and support to less experienced providers to submit a tender for this framework contract.

2.5.4 The weightings are expected to be as follows (this is an overview; tenderers will be made aware of any sub criteria in the tender documents):

- Base rate prices 80%
- Quality 20% (4 method statement questions each worth 5% of the quality score)
    - Licences & Insurances
    - Safeguarding Children & Adults
    - Data Protection

2.5.5 If there are any revisions to the weightings during the tender exercise all providers who have requested a tender pack will be informed immediately.

2.5.6 Providers will only be named on the framework if they achieve 15% of the quality score from their tender submission.

Expected Tender Outline

Cabinet approval	February 2016
Advertise and send out tender application packs	March 2016
Tender submissions to be returned	May 2016
Tender evaluations, unannounced visits and interview	June 2016
Approval and award of contract	July 2016
Start of contract delivery	1 September 2016

2.5.7 Following the evaluation of the tenders, providers will be advised if they have been successful in being awarded a framework contract for all participating authorities.

2.5.8 Each academic year successful providers will be requested to submit best and final offers for all available routes available for the academic year. This will process will be carried out by individual authorities accessing the framework.

2.6 The contract delivery methodology and documentation to be adopted.

2.6.1 Service to be delivered by external providers. Documentation to be adopted will be the Council's standard terms and conditions.

2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract.

2.7.1 Having other boroughs named on the framework will give more options for shared routes and economies of scale could increase potential savings.

2.7.2 To provide a safe and reliable service for vulnerable children and young people who are unable to access public transport.

2.7.3 To enable route sharing across all participating authorities.

2.7.4 To ensure providers are vetted and that base prices are available for local residents and those in receipt of Direct Payments.

2.7.5 From the perspective of the five Every Child Matters outcomes, transport impacts on ‘staying safe’ in its broader interpretation, as well as outcomes under the heading ‘enjoy and achieve’ in terms of access to education and other opportunities (such as sports provision), and ‘making a positive contribution’ in terms of work.

2.8 Criteria against which the tenderers are to be selected and contract is to be awarded

2.8.1 The price quality ratio upon which contracts will be awarded will be 80% price/20% quality. Providers will be ranked per lot that they can provide based on their tender submission.

2.8.2 Each academic year all providers on the framework contract will have the opportunity to submit Best and Final Offers (BAFO) for all regular routes. All routes are subject to change over the academic year and allocation of a route can be changed based on the needs of the service

2.8.3 Each participating authority will carry out their own yearly commissioning of regular routes.
NB: the previous framework contract required e-auctions to be undertaken in preparation for each academic year. In the majority of cases the routes awarded at auction have not achieved best value. For example a route that was awarded at auction was awarded at £135 per trip, however based on the distance and vehicle type this route should cost approximately £79 per trip. There are many examples where awarded routes are not cost effective. The providers also found the e-auction process challenging, and after several years of participating in auctions still find the process very difficult to understand. Travel support changes on a daily basis and therefore the routes that are auctioned in preparation for the academic year change regularly throughout the course of the academic year.

2.9 How the procurement will address and implement the Council’s Social Value policies.

2.9.1 The Council’s Social Value policies and the Social Value Act 2012 are broadly aligned, and thus, these contracts will address and implement the aims by:

- **Promote employment and economic sustainability**: tackle unemployment and facilitate the development of skills
- **Build the capacity and sustainability of the voluntary and community sector:** enabling groups to provide the service and encourage volunteering and employment of local residents
- **Creating opportunities for SME’s and social enterprises:** Enabling the development of local businesses in the provision of this service.

3. Options Appraisal

3.1 **Option 1: Do nothing -** The current contract will expire. The Council could purchase this service from their current suppliers without having contractual cover in place. This option would fail to be compliant with EU procurement legislation as well as the Council's own policies. There would also be a high degree of risk associated with this option, exposing the Council to potential price increases and deficit budgetary positions. Without contracts in place we cannot enforce DBS (Disclosure and Barring Service) checks being mandatory, and that taxi companies hold appropriate licences. This is critical as the taxi companies will be transporting vulnerable children. which will put the council in a position of needing to sport purchase from providers which will have an impact on the cost of the services required and could have an impact on the safety and quality of service that is delivered to the most vulnerable young people who access this support.

3.2 **Option 2: Independent Procurement -** The Council may choose to initiate an independently-run Council procurement process (not in conjunction with other local authorities). If the Council was to act independently to create its own Framework Agreement, it would achieve many of the intended objectives of a joint-procurement exercise, but may risk not realising potential economies of scale, and would increase the overall cost of the procurement (as the charges levied against the participating authorities would not be collected as income).

3.3 **Option 3: Joint Procurement -** The Council may choose to initiate, and lead, a joint procurement exercise (in conjunction with LB Newham and LB Redbridge. If this course of action were chosen many the intended objectives realised through an independent tender exercise would be achieved, with the additional benefit of levying procurement and contract management charges against the participating authorities as income.

3.4 **Option 4: Join an existing framework -** There is no suitable existing framework in place across the boroughs that that have expressed an interest in participating.

4. Waiver

4.1 Not applicable.

5 Equalities and other Customer Impact

5.1 Wellbeing of children in the borough: and ensuring that potentially vulnerable children and young people are safely transported and, where appropriate, escorted, is a fundamental responsibility for the Council, staff and Members. Indeed, this is a responsibility for all Members as corporate parents.

5.2 Integrated service provision: the ability for children and young people to be safeguarded while transported to school allows them to experience services within the community in a safe way, thereby, contributing to positive life chances, educational and social development.

6. Other Implications

6.1 Risk and Risk Management

6.1.1 The current Framework Agreement expires in April 2016 with an option to extend for 1 year. Over the course of this contract 3 providers have ceased trading and therefore this has reduced the competition.

6.1.2 As a Framework Agreement there is no specific guarantee to any provider of a level of service and, by extension, expenditure. A Framework on behalf of all participating boroughs is likely to attract a higher level of interest from potential providers than one borough alone, so encouraging more competitive pricing and minimising the risk from default by any individual provider.

6.1.3 Given the statutory duty upon the Council, a suitable and safe provision for children, young people and adults with special educational needs and/or disabilities could be considered as risk mitigation. This framework would tie providers into contractual obligations that would better ensure continuity of provision, as well as service quality for service users. The key elements of this can be summarised as follows:

- vehicles will carry a first aid kit, at least one appropriate fire extinguisher, a kit adequate to deal with any spillages (including bodily fluids), safely and without hazard to the driver, or other passengers;
- contractors will provide Passenger Assistants as required by the each Authority;
- contractors must arrive at the specified collection and drop-off points by the times stated in the Schedule of Journeys;
- all taxi drivers as governed by their PCO licence, passenger assistants will hold a valid DBS check that is no more than 3 years. A DBS must also be obtained for all other staff that may be used as part of this contract.

The risk to service users will be minimised considerably through providers being held to key quality standards within the terms of the Framework Agreement, such as:

- people are individuals and have the right to courtesy, dignity, privacy and independence;
- all those involved in the provision of transport services are acquaintances in the passengers' lives and should act with respect;
- all those involved in providing transport should acknowledge and respect people's gender, sexual orientation, age, ability, race, religion culture and lifestyle;
- services should respond sensitively and flexibly to people's changing needs.

6.1.4 All providers will be expected to ensure that all passengers provided with transport by the Council be allocated an appropriate seat including the provision of any harnesses, standard booster seats or child seats (appropriate to the age, height and weight and mobility needs of the child) or secured wheelchair space. There is to be no standing at any time. The vehicle shall be so equipped as to enable passengers to be transported comfortably and should be heated when necessary. Passengers are not to be conveyed in any sideways facing seat.

6.1.5 All named authorities will need to sign an access agreement to be able to call off the framework contract.

6.2 Safeguarding Children

6.2.1 The changes to the policy in and of themselves present no specific safeguarding concerns. It is imperative that an appropriate assessment of risk forms part of any assessment of eligibility, and it is apparent that this will be the case.

6.2.2 Much as is the case now, procurement exercises for home-to-school travel provision should ensure that the Council's expectations toward providers operating on its behalf are built into contracts, and that a mechanism exists for highlighting any safeguarding concerns raised, and responding to these concerns promptly.

6.2.3 The recommendation that Council approved frameworks of providers should be available for families to access will be a useful tool in minimising the risk associated with families directly purchasing from the market, often from providers that have not been as rigorously vetted as those attached to an approved Council contract.

6.3 Health Issues

6.3.1 A Framework Agreement will ensure that the health needs of vulnerable members of society are better supported, particularly with regard to mobility and where passengers have complex physical, psychological and/or sensory needs.

7. Consultation

7.1 Consultation for this tender exercise has taken place through circulation of this Cabinet Report. The draft report after having been circulated to all required consultees as listed at the beginning of this report was then put forward and approved at the Corporate Procurement Board Meeting of January 2016.

7.2 A full public consultation in relation to the new home to school transport policy has recently concluded.

8. Corporate Procurement

Implications completed by: Francis Parker, Senior Procurement Manager

8.1 A Framework is the best contractual model for this type of service. It allows for the pricing of changing routes and offers the necessary flexibility.

8.2 The collaborative approach is likely to yield slightly better value for money from suppliers. It also increases the supply base because providers may bid for a collaborative procurement when they may not have if LBBD contracted on their own.

8.3 The 80/20 split is likely to provide low prices but does bring a risk in terms of quality. There have been issues with the current contract in terms of poor performance, and a higher quality split would have made this risk easier to manage out of the process.

8.4 An e-auction may still be a viable option, should the 'best offer' method not yield competitive prices. Whilst it has lead to some supply issues in the past, this risk can be mitigated through more thorough supplier training.

9. Financial Implications

Implications completed by: Daksha Chauhan, Group Accountant, Children's Finance

9.1 This report requests approval for a joint procurement contract to deliver a private hire transport provision for children and young people with SEND and vulnerable adults. This is a four year framework contract with the London Borough of Redbridge and the London Borough of Newham being part of the framework. This report also requests agreement to extend the current contract for a period of 4 months.

9.2 There is no financial commitment with the framework contract, as spend will be incurred when referrals are made. It is estimated that the authority will spend approximately £1.0m per annum on this contract.

9.3 Spend against this contract will be funded from the SEND transport budget which is £832k for 2015/16 and also from other individual Social Care Team budgets. This budget has been under pressure in recent years, however Cabinet are considering revisions to the Home to School Travel Assistance Policy and the outcome of these discussions may help to alleviate the current pressure.

10. Legal Implications

Implications completed by: Kayleigh Eaton, Contracts and Procurement Solicitor, Legal and Democratic Services

10.1 This report is seeking approval for the existing contract to be extended for a period of four months, from 29th April 2016 until 31st August 2016, and also approval to tender a four year framework for the provision of Private Hire Vehicles for children and young people with special education needs and/or disabilities and vulnerable adults from 1 September 2016.

10.2 It is anticipated that the estimated value of the new framework agreement will be in excess of the threshold for services (currently set at £164,176) under the Public Contracts Regulations 2015 (the Regulations) and therefore a competitive tendering process will be required, which will be subject to the full application of the Regulations. The anticipated spend over the life of the framework should be set out in the requisite notices.

10.3 Legal Services note that it is the intention of the responsible directorate to permit this contract to be utilised by other local authorities. Legal Services would advise that the OJEU Contract Notice must be specific as to the potential local authorities (or group of local authorities) who may use this contract. Potential spend must also be forecast for the Council and other potential users of the contract so as not to fall foul of the Regulations.

10.4 Contract Rule 28.8 of the Council’s Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval.

10.5 In line with Contract Rule 47.15, Cabinet can indicate whether it is content for the Chief Officer to award the contract following the procurement process with the approval of Corporate Finance.

10.6 The procurement procedure anticipated by this report would appear to be following a compliant tender exercise and Legal Services will be available to assist and advise upon further instruction.

10.7 Rule 54.1.3 of the Council’s Contract Rules state that extensions can be made where there is a provision stipulated in the original contract for an extension. Legal Services note that this contract, which commenced on 29 April 2013, has a term of three years plus the option to extend for a period of up to one year. This means that the proposed extension option is within the terms and conditions of the current contract.

10.8 The report author and responsible directorate are advised to keep Legal Services fully informed at every stage of the proposed tender exercise. Legal Services are on hand and available to assist and answer any questions that may arise.

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

List of Appendices - None

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CABINET

15 February 2016

Title: Outcome of Consultation on Care and Support Charging Policy	
Report of the Cabinet Member for Adult Social Care and Health	
Open Report	**For Decision**
Wards Affected: All	**Key Decision:** Yes
Report Author: Ian Winter, Care Act Programme Lead	**Contact Details:** Tel: 020 8227 5310 E-mail: Ian.Winter@lbbd.gov.uk
Accountable Divisional Director: Tudur Williams, Divisional Director of Adult Social Care	
Accountable Director: Anne Bristow, Deputy Chief Executive and Strategic Director for Service Development & Integration	

Summary

The Care Act 2014, implemented on 1st April 2015, set out a single legal framework for charging users and carers for their care and support. The Care Act 2014 allows the Council to apply charges; where it does so, legislation and guidance requires the local authority to develop and maintain a charging policy.

An interim Care and Support Charging Policy was agreed by Cabinet in February 2015 which was introduced in April 2015. The interim policy applies to new service users assessed for services under the Act and transitional protection was put in place for existing services users.

The policy was to be subject to consultation alongside the introduction of the Cap on Care costs however, in June 2015, the Government announced that the Cap on Care costs was deferred to 2020.

In light of this change and to formalise the Care and Support Charging policy, Cabinet approved proposals at its meeting on 10th November 2015 (Minute 61) to consult on a revised and consolidated Care and Support Charging policy which included:

a) Approach to the amount of the Disability Related Expenditure disregard (DRE) applied to all services users when assessing the amount they will be required to contribute to their care and support services.

b) That the Council consider exercising its discretion to introduce charges to carers eligible for care and support services based on agreeing the principle of charging carers at this stage.

In a separate report to the 10 November 2015 meeting (Minute 62 refers) the Cabinet also agreed to consult on placing a legal charge on a property to recover all or part of a Disabled Facilities Grant (DFG) if the property where the adaptation is made is sold in a

10-year period as set out under the Housing Grants, Construction and Regeneration Act 1996.

The consultation has been completed and Cabinet are now asked to adopt revised charging policy.

Recommendation(s)

Cabinet is recommended to:

(i) Adopt the revised Charging Policy attached at Appendix 1 to the report which will mean that:

(a) The same amount of Disability Related Expenditure disregard shall be applied to all service users when assessing the amount they contribute to their care.

(b) That the new disregarded amounts of £5, £15 or £25 shall be phased in as disability benefit rates are uplifted.

(ii) Agree to the principle of charging for care and support services provided to carers who meet the eligibility criteria for services in their own right but that no changes are introduced for the 2016/17 financial year; and

(iii) Agree the introduction of a scheme, in accordance with the Housing Grants, Construction and Regeneration Act 1996, whereby some or all of a Disabled Facilities Grant may be recoverable via the placing of a local land charge where a person in receipt of a grant has a financial interest in the property in line with the conditions set out in paragraphs 6.4 and 6.5 of the report.

Reason(s)

There is a legal requirement for the Council to implement the Care Act 2014. Sections 14 and 17 set out the legal framework for charging for care and support services provided to an adult under the Care Act 2014.

Under the Housing Grants, Construction and Regeneration Act 1996, Councils can exercise their duty to place a legal charge on the property of those awarded a DFG of £5,000 or more.

1. Introduction Background

1.1 Legislative Framework:

Charging for Care and Support Services

1.1.1 The Care Act 2014 (Sections 14 and 17) introduces a single legal framework for charging for care and support which came into force in April 2015. The Act gives local authorities the power to charge service users and carers for care and support.

1.1.2 Where the local authority charges, it must follow the Care and Support (Charging and Assessment of Resources) Regulations 2014 and have regard to the Care and Support Statutory Guidance 2014 in determining its charging policy.

1.1.3 The current Care and Support policy, updated in April 2015, takes into account the needs of local residents who might require care and support services, applying discretion within the policy where the legislation and guidance allows a Council to do so.

Disabled Facilities Grant (DFG)

1.1.4 The Housing Grants, Construction and Regeneration Act 1996 gives Councils the power to provide a Disabled Facilities Grant (DFG). Key provisions were repealed by the Regulatory Reform (Housing Assistance) Order 2003. The grant is awarded to enable individuals to undertake necessary adaptations to enable the disabled person to continue to live in their own home.

1.1.5 The local authority has the power under sections 34(6) (b), 46, 52 and 94 of the Housing Grants, Construction and Regeneration Act 1996 to place a local land charge on a person's property.

1.1.6 The charge on the property can be placed where:

- The grant has been awarded in accordance with legislation and guidance
- The grant application exceeds £5,000 and the recipient of the grant has a financial interest in the whole or part of the property to which the adaptation is being made
- The Council can recover from a minimum of £5,000 but only up to a maximum of £10,000. The recovery of the grant is up to a period of 10 years after the grant has been awarded.

2. Background

2.1 The Council introduced an interim Care and Support Charging Policy in April 2015 to ensure compliance with the Care Act. The Act is generally prescriptive limiting the level of discretion that a local authority can apply to its charging policy.

2.2 Cabinet agreed the following discretion currently applied in the Care and Support Charging Policy which includes:

- The level of DRE disregard automatically applied to service user charges. This is £5, £15 or £25 according to the rate of care component paid as part of a person's disability related benefit.
- An additional £10 disregard applied to service users aged 85 and over
- No charges to carers for their services

2.3 The interim policy intended that the discretionary aspects - the level of the DRE disregard and charges to carers - be subject to consultation within the financial year of 2015/16.

2.4 The Housing Grants, Construction and Regeneration Act 1996 gives the local authority the power to recover some or the entire entire grant award by placing a local land charge on the property where the disabled person or the person making the application has a financial interest in the property. The recovery of any award through the use of a land charge on the property is prescribed in Regulation to ensure recovery does not disproportionately affect the disabled person or result in financial hardship.

2.5 This approach is applied by other local authorities with the income received invested back into their local disabled facilities programme to meet current and future demand. Barking and Dagenham do not currently operate such a policy.

2.6 The Council extended the consultation to seek views on placing a legal charge on the property of those awarded a DFG.

3. Consultation Process

3.1 A reasonable consultation period is generally seen as good practice when proposed changes may affect a large number of people, and ensures that residents and stakeholders have sufficient time and opportunity to participate. A two month consultation period was proposed and agreed by Cabinet. The consultation commenced on 23 November 2015 and ended on 17 January 2016.

3.2 To ensure that the conditions for meaningful consultation were met, officers invited all service users, their carers and residents of Barking and Dagenham to participate in the consultation. Participants were able to express their views by:

- Completing the online survey
- Speaking directly to an officer
- Formal written responses
- Contributing to a consolidated response as part of any wider consultation group.

3.3 The consultation was publicised in the One Borough Newsletter. Officers also attended the following forums/ meetings where the proposed changes to the Care and Support Charging Policy and the placing of a legal charge on the property on those awarded a DFG was discussed:

- Carer’s Strategy Group: 23 November 2015
- Healthwatch: 1 December 2015
- Health and Wellbeing Board: 8 December 2015
- Carers of Barking and Dagenham: 9 December 2015
- Health and Adult Social Care Select Committee: 14 December 2015
- CSV Equalities Forum: 14 December 2015
- Learning Disability Partnership Group: 15 December 2015

3.4 Public consultation sessions were held on 8 December 2015 and 7 January 2016 and around 35 people took part. The first meeting on 8 December was attended by a very small number of carers. However, the meeting of 7 January 2016 held at the Civic in the Chambers had greater attendance from a much wider representative group of individuals including carers, service users with physical and learning disabilities, representatives from the voluntary sector and care and support workers supporting their clients.

3.5 The response to the consultation was low. Only three views were received via the Council's consultation portal with the majority of the views as set out in the report received via the public sessions, forums and meetings.

3.6 Those who provided feedback to the consultation process advised that some of the changes would not affect them whilst others found the issues and principles that underpin the Care and Support Charging Policy difficult to fully understand. Indeed over 60 people rang a Council officer to discuss what was proposed and how it would affect them.

3.7 The recommendations proposed in this report consider the feedback from the consultation and the needs of the local population.

4. Changes to the rate of Disability Related Expenditure (DRE) disregard

4.1 The Care Act 2014 requires a Council's Care and Support Charging Policy to take into account 100% of the care component of the individual's disability related benefits when assessing the amount an individual can contribute to their care and support services. Once the charge is known, a DRE disregard must be applied in recognition of the additional cost an individual incurs due to their disability. The application of this disregard reduces the amount an individual will pay towards their care and support services.

4.2 The legislation and guidance is not prescriptive about how the DRE disregard is applied, this is down to individual local authority discretion.

4.3 The Care and Support Charging Policy currently applies a two tier approach to the application of the Disability Related disregard. Those in receipt of services before April 2015 have 25% or 35% of their disability benefit disregarded **prior** to assessing their financial contribution towards their care and support services. In most cases, a disregard of £5.38, £13.91 and £28.45 per week is applied.

4.4 With the introduction of the Care Act 2014, new service users and existing service users who experience substantial change in their care and support package (i.e. increase in care hours from 7 hours per week to 21 hours per week or change in their financial circumstances) have a set disregard of £5, £15 and £25 applied **after** assessing the individual's contribution to their services from April 2015.

4.5 In most cases, the introduction of the new rate of DRE disregard would lead to an increase in the amount existing service users would be required to contribute to their care and support services.

Rate of care component	Disregard under the 2011 Charging Policy	Disregard under the Care And Support Act policy (Care Act 2014)	Potential increase in charges
Lower	5.38	£5	0.38
Middle	13.61	£15	-£1.39
Higher	28.45	£25	£3.45

4.6 To ensure the majority of existing service users were not immediately affected, transitional protection was recommended on the expectation that a consistent approach would apply from April 2016.

4.7 The report to Cabinet on 10 November 2015 sought permission to consult on the removal of the transitional protection. This will result in individuals seeing an increase to their contributions, with a small number making a nominal contribution to their care and support services for the first time.

4.8 The consultation proposed a gradual reduction in the current disability benefits until such time as the individual's disability disregard was £5, £15, or £25 depending upon the rate of disability benefit.

4.9 The consultation proposed the gradual reduction in the DRE disregard would occur in the following way:

a) The assumption is that disability related benefits would be subject to annual inflation uplift. The proposal is that the DRE disregard would reduce annually by the amount of the corresponding inflation uplift until the set level of disregard is reached.

Example:

The impact is that an increase of £1.00 in a person's disability benefit will see a corresponding decrease in the disability disregard by £1.00 i.e. reduction from £28.45 to £27.45 per week. The individual will be required to pay an extra £1.00 towards their care and support services.

OR

The individual's financial circumstances change and/or there is a change to their care and support services.

4.9 Individuals did not oppose the changes to the DRE disregard on the understanding that a gradual approach to its introduction would be applied as set out above.

4.10 However, those who participated in the consultation of the disability related benefit disregard did advise that Care and Support Charging Policy needed to be more transparent in setting out that:

- Councils are required under the Care Act 2014 to account for a person's DRE.

- Where the expenditure exceeds the disregard applied by the Council and there is supporting information to justify the additional disability related costs in line with the guidance, a further disregard will be made.

- Where the package or care and support provided by Adult Social Care did **not** provide the night time care, the night time element of the disability related benefit should be disregarded within the financial assessment.

- A waiver is not the same as a DRE disregard. A waiver will only be considered in exceptional circumstances where the person is able to demonstrate that after the policy has been correctly applied they are still unable to contribute to their services. Each waiver to be considered on its own merits.

4.12 The financial impact of this change to service users and income generated to the Council is dependent on the annual uplifts agreed by Central Government. The 2016/17 Welfare Benefit Rates circulated by Central Government show that all of the disability related benefits included within a clients financial assessment will **not** increase in 2016/17 but will remain at the same level as 2015/16.

4.13 The consultation was that the Council will apply a gradual approach which is aligned to the annual uplift by Central Government. As there is no annual uplift in 2016/17, there will be no immediate change to service user's disregards in 2016/17 or an increase in the amount of income generated through the application of the change in DRE disregard. However, a change to the DRE will be applied in future years as an increase is applied to an individual's disability benefits.

5. Charging carers

5.1 The Care Act 2014 greatly enhances the rights of informal/family carers in relation to assessment of need with their own eligibility criteria, provision of support and information and advice.

5.2 The current Care and Support Charging Policy exempts carers in receipt of services from charges in recognition of their role. Barking and Dagenham are keen not to discourage carers from providing support. The consultation was to seek views on establishing the principle of applying a charging regime for carers that is fair and equitable which enables a carer to make a financial contribution to the support they receive.

5.3 The report to Cabinet in November 2015 sought permission for the Council to consult on establishing the principle of applying a charging regime with a view that implementation of charges may be considered at some point in time. Further, that the Council reserved the right to review the implementation of charges to carers in the future, if the introduction of a charge to carers indicates:

- The costs associated with charging carers is disproportionate to the amount that would be collected
- The full implementation of charges is considered a disincentive to carers providing care and support.

5.4 While a significant majority rejected charging carers, a number of people did not specifically object to the principle of carers (who could afford it) being charged on the same basis as a service user.

5.5 The main objections to charging carers included:

a) Carers contribute an incalculable amount of unpaid care and support without which the Council would be financially bankrupt and vulnerable individuals would suffer.

b) If charges are introduced, the Council will be sending a message that carers are not valued and at risk of breaking a key trust with carers.

c) The amount likely to be collected in charges is limited. In most cases carers only request that support where there is no other way in which they can continue to support the service user safely. Introducing a charge is adversely affecting the health and wellbeing of the carer. Carers may not approach the Council for care and support and risk early breakdown for them and the individual for whom they care.

d) The majority of respondents advised that that they had been carers for young adults all their parenting lives and had limited financial means. Most are in receipt of the basic benefits and had little or no opportunity to bring in additional income in their working lives or set aside savings from which they could be charged for services.

f) Those carers who may be financially better off tend not to approach the Council or the voluntary sector carer groups for support but may make their own arrangements.

g) The Council needed to consider the financial viability of administering a charge where the cost incurred for assessing and applying the charge may outweigh the Personal Budget to the carer. Since April 2015 the Council has awarded £21k in Personal Carers budgets.

5.6 The Care Act 2014 guidance advises that Councils should consider the impact of introducing a carer's charge for their support services.

5.7 Taking into account the feedback from the consultation and the Care Act 2014 guidance it proposed that the <u>principle</u> of charging carers is <u>agreed</u>. However it is proposing that no charge is applied in 2016/17 but that the Council reserves the right to review this and may at future date implement charges to carers.

6. Placing a legal charge

6.1 The Housing Grants, Construction and Regeneration Act 1996 gives councils the power to provide a DFG. Key provisions were repealed by the Regulatory Reform (Housing Assistance) Order 2003. The grant is awarded to enable individuals to undertake necessary adaptations to enable the disabled person to continue to live in their own home.

6.2 The grant award can be paid to homeowners or to residents in a property managed by a private landlord on the understanding that the disabled person will permanently reside in the property for at least five years.

6.3 The local authority has the power under sections 34(6) (b), 46, 52 and 94 of the Housing Grants, Construction and Regeneration Act 1996 to place a local land charge on a person's property.

6.4 The charge on the property can be placed where:

a) The grant has been awarded in accordance with legislation and guidance.

b) The grant application exceeds £5,000 and the recipient of the grant has a financial interest in the whole or part of the property to which the adaptation is being made

6.5 The Council can recover from a minimum of £5,000 but only up to a maximum of £10,000. The recovery of the grant is up to a period of 10 years after the grant has been awarded and once the Council satisfies itself that:

a) The recovery of the debt would not lead to financial hardship of the individual, and / or

b) Where the disposal of the property by the disabled person or applicant has not occurred as a result of the physical or mental health or wellbeing of the recipient of the grant, the disabled occupant of the property or the need to care for another disabled person.

6.6 No objections were raised to this approach, participants in the consultation where accepting of the legal charge being placed on the property where the award and recovery of the debt was in line with the legislation and guidance.

7. Options Appraisal

7.1 **OPTION 1 - Do nothing**: If the Council makes no amendments to its current policy

- The current disability-related expenditure is applied to new clients and transitional protection remains for existing clients until such time as the individual is no longer in receipt of services
- The principle of charging carers assessed for service in their own right is not established and carers continue not to be subject to a financial assessment and required to contribute to their services.
- A legal charge is not placed on the property of those awarded a DFG.

This will lead to:

a) The different treatment of the application of disability related disregard for all service users possibly leading to challenges from individuals.
b) Difficulty and costly to administer the different disregards as the systems are unable to automatically differentiate between those who should be assessed applying the old disregard and those where the new disregard applies.
c) The need for manual intervention to change the old disregard each time a financial reassessment is completed. This is costly and time-consuming.
d) Carers not recognising that there is the possibility that services provided to them may become chargeable in the future.
e) The Council will not be exercising its duty to apply legal charges on property.

This option is not recommended

7.2 **OPTION 2 - Apply the changes to the charging policy**

The Council amends the discretion applied to the Care and Support Charging Policy:

- The current disability-related expenditure is applied to new clients and an equalisation approach is applied to existing clients. This to ensure equal treatment of the disability-related expenditure disregard for all clients in receipt of care and support services.

- The principle of charging carers is agreed with a view that implementation of charges may be considered within the current administration at some point in time.
- The Council introduces the placing of legal charges on the property of those awarded a DFG.

This will lead to:

a) A clear and transparent approach as to how discretionary disregards are applied to a service user's financial assessment with less likelihood of challenges from individuals.
b) The application of the DRE disregard being easier to administer in the system with significantly less manual intervention to change levels of disregard to an old rate.
c) The principle of charging carers is established.
d) The Council exercises its right to apply a legal charge on the property of those awarded a Disability Facilities Grant where the funds can be reinvested in the DFG pot.

This is the recommended option

8. Financial Implications

Implications completed by: Richard Tyler, Finance Group Manager

8.1 The Council currently generates £1.5m of income for care and support service charges. This supports the delivery of care and support to residents of Barking and Dagenham. The change to the level of disregard when compared to the 2011 policy equates to an impact of £68k based upon current service user profile.

8.2 The revenue budget setting process for 2016/17 assumes the Council continues its Care and Support Charging Policy. In retaining the policy, the Care Act and associated guidance removes some areas of discretion for calculating charges as described in this report. This is in order to promote greater equality between local authorities.

8.3 Where discretion to the policy can be applied it is being proposed changes are made that will ensure equality in how charges are applied between service users in Barking and Dagenham.

9. Legal Implications

Implications completed by: Chris Pickering, Principal Solicitor

9.1 Once a Council exercises its discretion to charge for services, the charging policy has to adhere to the Regulations. The Care Act 2014 has limited the level of discretion a Council can apply within its charging policy. The Council consulted on the discretion to be applied to the policy.

9.2 The proposed changes to the Care and Support Charging Policy will have an impact on existing and new service users of care and support services. A high percentage of current users will be affected which required the Council to go out to consultation to ensure that the proposals are communicated and residents had the opportunity to participate in the decision making process.

10. Other Implications

10.1 **Risk Management -** There are different risks that impact these changes. If all the changes are not applied, there is a risk of income loss to the Council. On the other hand, incremental change proposed for the disability-related expenditure disregard minimises the potential risk in bad debts as those required to contribute will not experience a direct loss in income. However, at this point the Council cannot predict the impact of the changes in the Welfare Reform and Work Bill on an individual's ability to pay their care and support charges.

10.2 **Corporate Policy and Customer Impact -** Implementation of the Care Act contributes to the vision and priorities of the Council to enable social responsibility where the person has control about how their care and support needs are met. An Equalities Impact Assessment (EIA) has been carried out to assess the impact of the policy on the protected groups under the Equality Act. The EIA shows that the Council has paid due regard to the equality implications associated to the Care and Support Charging Policy 2015.

The equalisation of the disability-related disregard should not have disproportionate impact on those with a disability as the Care and Support Charging Policy allows an individual to submit supplementary information to evidence their DRE above the disregards applied.

The Council the has considered the views of Carers and has proposed in the body of the report to review charging individual carers where charging carers may adversely affect their ability to carry out their role as a carer.

10.3 **Health Issues -** Under the Care Act 2014, charging for care and support directly affects some of the most vulnerable individuals whose health needs may be at risk. It is expected that individuals with disability benefits are using these benefits to help support their health and wellbeing and/or meet their care and support needs.

The introduction of charging for care and support service has been in operation since 2011. The impact of the change puts in place safeguards to minimise as much as possible the impact to service users.

Public background papers used in the preparation of the report:

- Summary of Consultation Responses
- Equalities Impact Assessment

List of Appendices

Appendix 1 – Draft Care and Support Charging Policy (February 2016)

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APPENDIX 1

DRAFT CARE AND SUPPORT CHARGING POLICY

February 2016

London Borough of Barking & Dagenham

London Borough of Barking and Dagenham Fairer Contribution Policy

1.0 Introduction

1.1 The Fairer Contributions Policy is designed that the people of Barking and Dagenham pay a fair contribution towards the costs of there care and support provided under the Care Act 2014.

1.2 The Fairer Contributions Policy follows statutory legislation and guidance building in safeguards to reflect the needs of local residents.

1.3 The legislation and guidance requires all local authorities who will be applying charges for care and support provided in the community to develop and maintain a charging policy.

2.0 Legislative Context

2.1 From April 2015, Section 14 and 17 of the Care Act 2014 gives local authorities the discretionary powers to charge for care and support services to service users and carers.

2.2 Where the local authority applies the discretion to charge it must follow the Care and Support (Charging and Assessment Resources) Regulations 2014 and have regard of the Care and Support Statutory Guidance (October 2014) in determining its charging policy

3.0 Principles

The principles of the Care Act 2014 are embedded within Barking and Dagenham's charging policy:

- contributions will be determined by reference to both level of service and the service users' means and will be levied after a means tested financial assessment;
- individual financial assessments will ensure that services users and carers are only charged what they can reasonably afford to pay;
- contributions from service users and carers will be transparent and fair;
- contributions will not exceed the costs of providing the service;
- after charges have been applied, service users will retain at least their basic income support or pension credit plus 25% as protected income;
- an additional protection of £10 is available for those aged 85 and over.

4.0 Services Exempt from Charging

The following exemptions will apply to a Service User who meets the criteria below:

- service users who are diagnosed as suffering with any form of Creuzfeldt Jacob Disease (CJD).
- After care services provided to service users subject to Section 117 of the Mental Health Act 1983.
- up to the first six weeks of the care and support or Intermediate Care services.
- community Equipment and minor adaptations.
- service users in receipt of NHS continuing healthcare, living in their own home where the NHS is responsible for meeting all nursing and personal care needs
- the needs and eligibility assessment and financial assessment for care and support will continue to be provided free of charge.
- any other services which the local authority has a duty to provide through other legislation.

5.0 Non- Chargeable Services

There are a number of services that London Borough of Barking and Dagenham will continue to provide free of charge, this includes:

5.1 Information and advice including Benefit Maximisation and Guidance and Advocacy support provided via the Council.

5.2 Care and support services directly provided to the Carer to support them to undertake their carer's responsibilities. Barking and Dagenham continues to use its discretion to provide this service free however this is not to be confused with respite not delivered for the carer, for which the service user (not carer) will be charged (see section 7.2)

6.0 Standard Charge Fees- Flat rate fees and not subject to Financial Assessment

A flat rate contribution will apply for the services below:

- meals in a day centre
- the Cost of putting in place the care and support for a service user in certain circumstances
- administration costs for setting up a Deferred Payments agreement where applicable
- other care and support to which Barking and Dagenham services may apply flat rate charges e.g. cost of a day trip provided by the day service.

6.1 Section 14 (1b) of the Care Act 2014 allows where it has been determined the individual meets the need and eligibility but has savings above the upper capital threshold, the individual can request that the local authority helps to arrange their care and support. The local authority may apply a charge for arranging this care and support.

6.2 Where the local authority arranges the care and support in the circumstances specified above a flat rate charge will apply. The Council will have the discretion to apply the charge each time the local authority is asked to support the individual in arranging their care and support. The flat rate fee of £300 will usually apply from April 2015 but the Council will have to the right to exercise discretion in exceptional circumstances. This fee is subject to annual review.

7.0 Services included in the Care and Support Charging Policy

7.1 Non- Residential Care and Support Services

- Personal budgets and managed personal budgets including those paid through a Direct Payment.
- Homecare care
- Personal support
- Day Opportunities
- Council provided transport
- Services previously funded under Supporting People as part of a service to meet their needs under Fairer Access to Care Services.
- Respite services directly provided to the service user
- Non residential social care and support services provided to individuals in approved premises for offenders or prison.

7.2 Respite Services

Short term respite will be included as part of the service users Personal Budget and will be subject to charges under the Care and Support Charging Policy.

8.0 Representation

8.1 Service User consent

Where the service user has capacity they can give consent for someone else to represent them in managing their financial affairs, the Council will need to see written proof that the consent has been given. It is the responsibility of the Service User or their representative to notify the Council if the representative, or their details change in any way.

8.2 Service user lacks capacity

Where it is identified that the Service User does not have capacity and there is no legal representative, the financial assessment should not be completed with the Service User. A referral should be made to the Client Affairs Team for the relevant approach to be made to the Court of Protection to appoint a Deputy.

9.0 Carers

The Care Act 2014 strengthened the rights of Carers introducing an assessment of need, provision of services and access to information and advice in their own right.

Whilst not wishing to discourage Carers from providing support, the Council considers that in some circumstances (given the new rights) it would be fair and equitable to require Carers to make a financial contribution to the support they receive.

Accordingly, the principle of charging carers is adopted but no charges will be levied in 2016-17.

10.0 Financial Assessment Process

10.1 Financial Assessment

The Service User's financial circumstances will be considered at the time of the assessment of need. Each service user will be required to have a means tested financial assessment based on their income and expenditure in order to assess their ability to contribute towards the costs of their care and support services.

The Council will positively seek to complete a financial assessment for all service users unless they -

a. are exempt as described under Section 4 of this policy; no contribution will be applied.
b. are in receipt of a flat rate service only as per Section 6; a flat rate contribution applies.
c. choose not to be financially assessed. Service users who choose not to be financially assessed will be required to pay the full costs of their care and support service; see Section 9.2.4
d. Where a light touch assessment is appropriate and there is no need for the Council to obtain additional financial information from the service user or their representative.

A financial assessment will be undertaken at the earliest opportunity. A financial assessment form will be given to the service user by the social worker who will also advise that there may be a contribution to the costs of the care and support. As part of the financial assessment, Service Users will be offered a full benefits check, advice and practical support to apply for benefits they might be entitled to claim.

10.2 **Light Touch Assessment**

A light touch assessment can take place where:

10.2.1 The individual has capital over the capital upper limit, currently £23,250; they can disclose that their capital is over the limit without disclosing further information. In these circumstances the contribution will be the full cost of the care and support. However no full benefits check, advice and support will be offered.

10.2.2 The Council can evidence that the service user is in receipt of benefits that demonstrate that they would not be liable to contribute towards their care and support costs.

10.2.3 A non-disclosure assessment will be applied where a Service User:

- refuses to complete a financial assessment; or
- fails to keep without reasonable notice pre-arranged meetings organised for the purpose of obtaining the necessary information for a financial assessment or review; or
- fails to provide proof of income, expenditure or assets within 28 days of the first request from the Council

In all of the above the service user will be charged the full costs of the care and support.

10.2.4 However in cases where the individual lacks capacity or is unable to provide the financial information, a provisional contribution will apply until a full financial assessment can be completed and a retrospective contribution applied-

11.0 Basis of the Contribution

Following national regulation and guidance the financial assessment is based upon the cost of the service, principles of the charging policy and the Service User’s ability to pay under the financial assessment process.

11.1 Overview

The financial assessment is based on the services user’s income, against which deductions will be made for allowable expenditure.

All service users, after paying for their social care services and housing costs will be left with a weekly amount not less than basic income support or Pension Credit Guarantee plus a 25% buffer and a proportion of their disability related benefits.

11.2 Calculation of Income

The following sources of income will be fully disregarded in the charging assessment;

- Mobility component of Disability Living Allowance and Personal Independence Payment
- Regular voluntary or charitable income
- Child Tax Credit
- War widows' supplementary pension
- A partner's disability related benefits
- Christmas bonus, winter fuel and cold weather payments
- Maintenance payments specifically relating to a child
- Child benefit.
- Earnings of the service users

This is not an exhaustive list

The following sources of income will be partially disregarded in the charge assessment;

- War disablement pension, war widows pension (£10 per week disregarded)

This is not an exhaustive list

11.3.1 Where the Council takes into account 100% of the disability related benefit within the financial assessment; disability related expenditure disregard should be applied. A flat rate disability disregard will be applied to their financial assessment as set out below:

a. Disability Allowance and Personal Independence Payment lower rate care component- £5.00 disregard
b. Attendance Allowance lower rate and Disability Allowance middle rate care component-£15.00 disregard
c. Disability Allowance and Attendance Allowance higher rate care component- £25.000 disregard

11.4 Notional Income

In some circumstances a service user may be treated as having an income they may not actually have. These circumstances can include:

- Income the service user could claim but chooses not to;
- Income that has been applied for but not yet received;
- A person who has reached retirement age but has refused to draw down on the maximum annuity income available form their pension plan.

11.5 Welfare Benefits

As part of the financial assessment process, advice will be provided to service users regarding benefit entitlement. Assistance will be available to complete benefit applications should a potential entitlement be identified.

11.6 Capital

The value of capital and assets is as defined in the Care and Support (Charging and Assessment of Resources) Regulations (2014). Service users with capital above the upper capital limit of £23,250 (other than the value of their main home), are liable to pay maximum charge for services they receive. The capital limits will be reviewed annually in accordance with the regulation and guidance.

11.6.1 Capital includes, but is not limited to:

- Any savings account, Building society, bank deposit, Post office Savings bank, National savings etc. Investments, stocks, shares, unit trust, TESSAs, PEPs, ISAs, premium bonds etc
- The value of investment in property, building and land other than that occupied by the Service User
- Any capital held on the person who uses service's behalf by another party, Court of Protection, spouse/partner
- Any element of compensation payment awarded specifically for the costs of providing on-going aftercare.

11.6.2 Tariff Income

Capital under £14,250 is disregarded and income between £14,250 and £23,250 are assessed to determine tariff income. Tariff income is calculated on the basis that of every £250 above £14,250, the Council assumes £1 in income. This means a service user may contribute up to £36 per week.

11.7 Deprivation of assets

Only capital or that apportionment of the capital of the service user will be used within the financial assessment unless there is evidence to indicate that the service user has intentionally deprived themselves of a capital asset in order to reduce their contribution towards their services

Where the Council can demonstrate that the service user has deprived themselves of the asset so as to reduce their contribution, the Council may treat the service user as still having the asset. This may affect the amount the service user will be required to contribute to their services.

11.8 Equity Release Schemes

The most common form of Equity Release Scheme is a Home Reversion Scheme (HRS), where a home owner will transfer the ownership of all or part of their home to a commercial or “not for profit organisation. Depending on the terms of the HRS, the funds released may be translated into an annuity, or a combination of these. Other forms of equity release will be considered on an individual basis and income from the equity release may be considered in the financial assessment.

11.9 Household Expenditure

The following Household Expenditure may be allowed depending on the service user’s circumstances;

- Rent net of housing benefits
- Mortgage net of income support or pension credit assistance
- Board and lodging (as defined and managed in CRAG)
- Council Tax net of Council tax benefit
- Building Insurance (and in exceptional circumstances contents)
- Essential service charges and ground rent net of assistance funding

11.10 Couples

When assessing one member of a couple it is in the Council’s policy that all couples are offered a joint assessment to identify the most beneficial outcome, whilst noting that a spouse or partner is not obliged to disclose their resources, should they choose not to.

When assessing one member of a couple as a single person:

- 100% of solely owned and 50% of all jointly owned capital and savings will be taken into account (excluding the value of the main home).
- All assessable income appropriate to the service user will be considered (
- An allowance will be made for 50% of the couple’s total joint basic household expenditure;
- The basic level of Income Support or Pension Credit Guarantee will be 50% or the couple’s allowance plus 25% buffer; and
- An allowance will be made for service user’s proportion of disability related expenditure where they receive a Disability Related Benefit

When assessed as a couple:

- The income and savings capital for the couple will be considered. If the spouse or partner is not willing to disclose this information, the service user will be assessed as a single person;
- An allowance will be made for 100% of the couple's basic household expenditure;
- The 'basic' level of Income Support or Pension Credit Guarantee will be that of a couple;
- The couple's assessed disposable income is then halved prior to considering any individual AA or DLA awarded;
- An allowance will be made for the service user's proportion of disability related expenditure.
- Where one or both of the couple are aged 85 and over an additional £10 disregard will be applied for each person aged 85 and over.

11.11 Shared Costs

If more than one person lives in the service user's home the additional costs relating to a disability or condition will be shared between the occupants whose needs contribute to the additional costs. The cost of providing domestic assistance or gardening, if allowed, may be attributed to all the adult occupants of the service user's home.

12.0 Contribution Period

12.1 The contribution period will commence

- At the point at their assessment where the service user or representative/advocate are notified that the individual may need to make a contribution to the cost of their care and support:
- All changes or cessation of service will apply from the Monday following the change or cessation occurs.

12.2 Applying the contribution:
The contribution will be the lesser of the service user's available income or the standard cost for the received services supplied subject to the Council's minimum charge of £5.

12.3 Direct Payments
Direct payments will usually be made net of any assessed service user contribution.

13.0 Review of Financial Circumstances

All Service Users have the right to ask the Council for a review of a contribution for have been assessed if they consider that they cannot pay it.

A re-assessment may be necessary for any one of the following reasons:

a. An annual review
b. The Service User requests a re-assessment
c. A change in the Service User's financial circumstances
d. There was an error or omission (on the part of the Service User or the Council) in the financial assessment
e. A complaint is upheld

If a Service User's financial circumstances change, they must advise the Financial Assessment Charging Team as soon as possible, as this may affect their assessed contribution. Changes, which should be notified, include:

- Receipt of a new benefit or changes to benefits.
- Changes to income or allowable expenditure
- If the Service User's capital or savings crosses one of the capital thresholds
- Changes to living arrangements (e.g. the Service User or their partner moves to a care home, the Service User moves to another residence or the number of people in the Service User's household changes)

After a Service User has told the Financial Assessment Charging Team about changes in their financial circumstances or a review is made, a new financial assessment will be completed using the new information that is provided. If the revised assessment results in an increase in the weekly contribution, the Service User will be notified of the revised contribution and it will usually be backdated to when the Service User's circumstances changed. If the revised financial assessment results in a decrease in the weekly contribution, this will usually be backdated to the date that the Service User's circumstances changed.

14.0 Annual Review

All contributions will be reviewed each financial year to take into account increases to state benefits and service costs. Estimated assessments will be completed based on inflationary uplifts and the Service User will be asked to confirm whether the estimate is incorrect. If no confirmation is received, the estimated charge will be applied

For other components of the financial assessment, such as occupational pension, disability related expenditure, rent and Council tax, a percentage increase linked to the Retail Price Index (RPI) will be applied.

Changes resulting from the annual increase or the application of a revised minimum guaranteed income (protected income) will apply from the date assigned to these changes. An explanation and full details of the revised assessment will be sent to the service user, who will be asked to check the figures and contact the Financial Assessment team if they believe it is not an accurate representation of their circumstances.

The Financial Assessment Team can send a financial assessment review form which the service user can use to advise the Council of any changes to their circumstances. The service user also has the option to request a visit from a member of the Financial Assessment Team to assist in completing the form or undertake a financial review in more detail.

15.0 Waivers

A waiver is a request to set aside the assessed contribution. A waiver will only be issued where the Council decides this is the best way of delivering its statutory obligations.

If the social worker believes a waiver is appropriate they should refer the matter to a Group Manager in Adult and Community Services through their line manager. When the application is received, the Group Manager will consider the information and make a decision within 20 working days.

If a waiver is applied, the waiver will be subject to annual review or reviewed as the services users financial circumstances changes.

If the decision is in favour of the original decision and no waiver is applied, the service user will be liable to for any outstanding charges.

16.0 Appeals and Complaints

Local Authority Social Services and NHS Complaints Regulations 2009, made under powers in Sections113 to 115 of the Health and Social Care (Community Health and Standards Act) 2003.

If a Service User is dissatisfied with the way in which they have been treated during the financial assessment t process, or the service that they have received, they have the right to make a complaint to the Complaints Officer. The Council has a statutory complaints procedure to ensure that Service User’s views and concerns are considered, dealt with and appropriately investigated.

If the decision is turned down and the service user is still not happy with the decision, the Local Government Ombudsman can be contacted.

17.0 Debt Recovery

If the service user does not pay the charges in full or in part and the debt remains unpaid, the Council has the right to seek collection of the debt under Section 69 (2) of the Care Act 2014. . If the Council has concluded that the necessary steps are not being taken to pay the debt and the Council has taken steps resolve the situation, the Council will commence legal proceedings This may incur additional costs to the person who has entered the deferred payment agreement.

Section 70 of the Care Act also provides the local authority with the power to recover charges from a third party in circumstances where a person has deprived themselves of assets in order to reduce the care cost contribution payable.

18.0 Use of Financial Information and Privacy

Information will be collected to enable the set up of the DPA. In accordance with the Data Protection Act 1998, this information will only be shared with other relevant agencies in accordance with the data protection principles/exemptions or with the written consent of the service users or their legal representative/advocate.

19.0 Policy Review

This policy will be reviewed annually. This policy may also be subject to review at other times in response to case law, statutory amendment and Guidance from the Department of Health or other statutory organisations.

20.0 Further information

Further information can be obtained from:

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CABINET

15 February 2016

Title: Youth Zone Development - Lease and Rent Arrangements	
Report of the Leader of the Council	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** Yes
Report Author: Paul Hogan Divisional Director, Culture and Sport	**Contact Details:** Tel: 020 8227 3576
Accountable Director: Anne Bristow , Deputy Chief Executive and Strategic Director for Service Development & Integration	

Summary

By Minute 25 of its meeting on 21 July 2015, the Cabinet agreed to support the development of a Youth Zone in Parsloes Park and provide a £3m capital grant subject to planning approval.

Cabinet also agreed to delegate authority to approve the final details of the project in respect of the grant funding agreement, lease, facility mix, connection to other Parsloes Park refurbishment proposals and operational detail to officers.

However, as negotiations have developed, officers consider it necessary to seek specific Cabinet approval to make provision for a rent subsidy grant equivalent to the market value of the site for the duration of the lease as the request from Onside for a peppercorn rent is contrary to Council policy. This is a fundamental issue in the proposed development of the Youth Zone as a long lease and peppercorn rent are key elements of the standard Youth Zone model.

Recommendation(s)

The Cabinet is recommended to:

(i) Agree to provide a grant to the Barking & Dagenham Youth Zone equivalent to the annual rental of £5,800 that would be paid for the duration of the 125 year lease with RPI (or successor indicator) linked reviews at 25-year intervals, providing the conditions of use are upheld, as detailed in Option 3 in the report; and

(ii) Note that the annual rental grant shall be subject to the Youth Zone securing planning approval.

Reason(s)

The proposed Youth Zone development can make a significant contribution to making the Borough a better place to live and offers a potentially good fit with the themed Corporate Priorities of: Encouraging Civic Pride; Enabling Social Responsibility and Growing the Borough.

1. Introduction and Background

1.1 On 21 July 2015 (Minute 25), Cabinet agreed to support the development of a Youth Zone in Parsloes Park as a priority project and provide a £3m capital grant for the development matched by external investment.

1.2 Whilst Cabinet agreed to delegate authority to Officers to progress and approve the final details of the project in respect of the grant funding agreement, lease etc. Specific approval for a grant equivalent to the rental value could not be sought at the time as the rental value was unknown.

1.3 In order to be consistent with the Cabinet decision taken on 22 October 2013 (Minute 51) re: leases with third parties; approval for a rent subsidy applicable specifically to the Youth Zone is now sought.

2. Proposal and Issues

2.1 The Onside proposal to develop a Youth Zone in the borough included the requirement for a 125 year lease at peppercorn. Whilst Officers advised Onside that Council policy is not to offer a peppercorn (as set out in 1.3 above), there was the potential to seek approval for an equivalent rent subsidy.

2.2 Negotiations over the lease have taken place between Onside and the Council Officers over several months and an ‘in principle’ agreement has been reached on the main terms of the lease and potential review periods. The lease and rent subsidy are considered by both parties to be a potential ‘deal breaker’.

2.3 In all six of the previous Youth Zone developments elsewhere in the country, the local authority has agreed a 125 year lease at peppercorn without review. Given that this was the first Youth Zone in London to be agreed, the OnSide Board have agreed to depart from their normal terms in recognition that London presents a unique set of circumstances that require some flexibility from both parties in order to progress and deliver London’s first Youth Zone.

2.4 A valuation report was commissioned from Bowyer Bryce that recommended an annual rental value of £5.5k, based on a 120 term with 20 year RPI linked reviews. In negotiation, Onside subsequently requested a 125 year lease with 25 year RPI linked reviews. Bowyer Bryce has subsequently confirmed that the revised terms would only have a marginal impact, resulting in a revised annual rental value of £5.8k. This amendment makes no material difference to the proposal, therefore on that basis Officers are recommending to proceed with the 125 year term with 25 year reviews in order to progress the project.

2.5 Cabinet agreed on 16 December 2014 (Minute 74) to provide a rent subsidy grant to Barking & Dagenham College in respect of the Broadway theatre for the duration of the lease provided shared outcomes could be delivered. Although the Broadway was an existing Council owned building as opposed to a piece of underused open space in the case of the Youth Zone, the principal of a rent subsidy grant for the duration of the lease is similar.

2.6 The principal lease terms are that the use of the site is for promoting the wider community use of the premises and engaging, helping and educating children and young people up to the age of nineteen years and twenty five years for young people with a disability and/or a learning difficulty. The lease contains further provisions dealing with alienation, charging, sub-letting and assignment in order to support the intent of the Youth Zone and protect the Council's interests.

3. Options Appraisal

3.1 The standard Onside Youth Zone proposal to local authorities seeks a 125 year lease at peppercorn. As detailed in Section 2 above, negotiations with OnSide have been on-going in order to reach a pragmatic solution acceptable to OnSide whilst protecting the Council's interest.

3.2 A long lease is a prerequisite to the OnSide proposition and of the external funder requirements. In negotiation it has become clear that a long lease and a net neutral rent are potential 'deal breakers'. There are obviously multiple variant options, but essentially limited to the options detailed below:

Option 1

Seek full rental value and only offer a 30 year term. This option would not be accepted by OnSide and would effectively terminate the Youth Zone proposal.
This option is not recommended

Option 2

Seek to enter further negotiations on the term and review periods. This option would inevitably delay progression of the project and/or completion/opening of the Youth Zone. There is also considerable risk that agreement would not be reached, resulting in the termination of the Youth Zone proposal.
This option is not recommended

Option 3

Agree to 125 year term with restricted use clauses that protect the Council's interest; 25 year RPI (or successor indicator) linked rent reviews with a full rent subsidy grant for the duration of the lease linked to the restricted use clauses. This option offers a pragmatic solution in order to progress a priority project for the Council.
This option is recommended

4. Consultation

4.1 Consultation has taken place with representatives from Onside and Council officers via the joint governance structure put in place to progress the Youth Zone and the proposal has also been endorsed by the Council's Assets and Capital Board and the Portfolio Holder for Finance.

5. Financial Issues

Financial Implications provided by Carl Tomlinson, Group Manager – Finance.

5.1 The Council has agreed a £3m contribution towards the capital construction costs of the Youth Zone. This constitutes 50% of the overall cost and includes up to £250k ‘at risk’ capital to develop the project to the planning stage. If either Option 1 or 2 are selected a proportion of the 'at risk' capital would be lost. The granting of a rental subsidy equal to the value of the annual rent (£5.8k pa for the duration of the 125 year lease with RPI linked reviews at 25 year intervals) would be cost neutral to the Council as the commercial rent income will fund the rent subsidy payment.

6. Legal Issues

Legal Implications provided by Evonne Obasuyi, Senior Lawyer.

6.1 Under s123 of the Local Government Act 1972, local authorities have a duty to obtain the best consideration reasonably obtainable upon disposal, and this includes the grant of a lease. A local authority may dispose land at undervalue if transaction will contribute to the social and economic well-being of its area. Following an independent valuation the initial rent has been set at £5,800 representing open market value. Thereafter rent will be reviewed every 25 years on an RPI basis.

6.2 The report seeks authority for Council to fully subsidise rent for duration of the lease term of 125 years. The report details the need for Council to subsidise rent to support the delivery of the scheme by Barking and Dagenham Youth Zone which will promote the social and economic well-being of the area. The lease will include provisions to enable the Council forfeit the lease should the tenant materially breach the lease terms or fail to achieve the conditions of use or community use.

Other Issues

7.1 **Risk Management –** Negotiations with OnSide have been based on the premise that securing the Youth Zone is a Council priority and as such a pragmatic and balanced approach has been taken to negotiating the lease and protecting the Council’s interests. It should however be borne in mind that the Council retains the freehold of the land and other terms in the lease would allow the Council to regain the land and building in the (albeit unlikely) event of Onside being unable to deliver the Youth Zone Service due to lack of demand or funding for running costs.

7.2 **Contractual Issues –** OnSide are leading and responsible for the construction and associated procurement issues. The Operational Agreement is being developed alongside the lease.

7.3 **Staffing Issues –** None, the Barking & Dagenham Youth Zone will be operated by an independent charitable company established specifically for the Youth Zone.

7.4 **Corporate Policy and Customer Impact** – The newly established Barking & Dagenham Youth Zone company will be responsible for ensuring compliance with all equality legislation and promoting diversity.

7.5 **Safeguarding Children** - The newly established Barking & Dagenham Youth Zone company will be responsible for ensuring compliance with all relevant legislation and safeguarding policies.

7.6 **Health Issues** – The Youth Zone philosophy is based around community development, inclusion and positive youth work through a range of activities, including sport, fitness, dance, arts, music, media and self improvement. The approach supports the outcomes and priorities of the joint Health and Wellbeing Strategy.

7.7 **Crime and Disorder Issues –** Other Youth Zones have had a positive impact on the reduction of local crime and anti-social behaviour issues.

7.8 **Property / Asset Issues -** The proposal would positively enhance the existing open space. It is proposed to offer a full repairing lease to Onside thus not increasing the Council's asset liability except in the event of project failure in the future or forfeiture whereby the asset would be returned to the Council.

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

List of appendices: None

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CABINET

15 February 2016

Title: Expansion of Abbey Children's Centre Nursery Service and Procurement of John Perry Children's Centre Nursery Service	
Report of the Cabinet Member for Education and Schools	
Open Report	**For Decision**
Wards Affected: Abbey and Village	**Key Decision:** No
Report Author: Joy Barter – Group Manager Early Years and Childcare	**Contact Details:** Tel: 020 8227 5533 E-mail: joy.barter@lbbd.gov.uk
Accountable Divisional Director: Jane Hargreaves, Divisional Director of Education	
Accountable Director: Helen Jenner, Corporate Director of Children's Services	

Summary:

By Minute 6 (2 June 2015), the Cabinet approved the outsourcing of the two remaining Council Children's Centre Nurseries, Abbey and John Perry, to a private, voluntary or independent sector (PVI sector) provider. However, following a procurement exercise, no tenders were received for the nurseries due to the high pension liabilities of the Council staff subject to Transfer of Undertakings (Protection of Employment) (TUPE) Regulations.

Having reviewed all possible options, as detailed in this report, it is proposed to build on Abbey Children's Centre Nursery's success and reputation by retaining and expanding the nursery. Staff from John Perry Children's Centre Nursery would be redeployed to fill the staff vacancies created by that expansion and then John Perry Children's Centre Nursery would be retendered with no TUPE requirements applying, which should prove to be more attractive to potential PVI sector providers.

Recommendation(s)

The Cabinet is recommended to:

(i) Agree to the retention of Abbey Children's Centre Nursery as a Council provided service and its expansion to create an additional 40 places with effect from September 2016;

(ii) Note that the current Council staff at John Perry Children's Centre Nursery shall be redeployed at the appropriate time to fill the staff vacancies created by the expansion at Abbey Children's Centre Nursery;

(iii) Agree the procurement of a five-year contract, with an extension option of up to three years, for the provision of nursery services at John Perry Children's Centre Nursery with effect from September 2016, as detailed in the report;

(iv) Indicate whether Cabinet wishes to be further informed or consulted on the progress of the procurement and award of the contract; and

(v) Delegate authority to the Corporate Director for Children's Services, in consultation with the Cabinet Member for Education and Schools, the Strategic Director of Finance and Investment and the Director of Law and Governance, to award and enter into the contract and coterminous lease to the successful bidder in accordance with the strategy.

Reason(s)

Securing sufficient childcare to enable parents to access work and training and providing early education for children, supports the Council's three priorities of "Encouraging civic pride", "Enabling social responsibility" and "Growing the borough".

1. Introduction and Background

1.1 In June 2015, Cabinet approved the outsourcing of the two remaining Council Children's Centre Nurseries, Abbey and John Perry to a PVI provider. Under the proposals, the Council staff employed at the nurseries would be subject to TUPE regulations. At that time, the number of full-time equivalent staff involved at both nurseries who would be subject to TUPE was 22.

1.2 Plans were also put in place to expand the childcare places at both nurseries, to meet the rising demand for two year old places and the future 30 hours offer of free childcare for three and four year olds, from September 2017. Both nurseries provided 52 full-time equivalent (FTE) places for children between the ages of 0-5 years. However, the intention was, and continues to be, that the Abbey Children's Centre Nursery would expand to accept a further 40 FTE places, taking the total number up to 92. The intention in respect of the John Perry Children's Centre Nursery is to extend provision to allow for up to an additional 16 places.

1.3 The procurement exercise for the nurseries began, as detailed in the attached Cabinet report, in June 2015. Abbey and John Perry were tendered as one Lot, known as Lot 3. The Council received two expressions of interest for this Lot. The expressions of interest were from Pre-School Learning Alliance (PSLA) and London Early Years Foundation (LEYF). The PSLA operates a number of children's centre nurseries across England but none in Barking and Dagenham. LEYF is a successful social enterprise organisation currently running over 35 nurseries across London, including five nurseries in Barking and Dagenham.

1.4 Both providers were very keen to take on the two nurseries, but concerns were raised around staff costs and in particular pension liabilities. The Actuaries report, containing staff pension information, indicated the need for a substantial indemnity bond to protect the pensions of the staff subject to TUPE. As a result of this and other financial considerations, neither provider submitted a return.

1.5 This situation has led to Children's Services having to consider its possible options, going forwards, in regards to the two nurseries.

1.6 The almost doubling of the capacity at Abbey Children's Centre Nursery from 52 to

92 FTE places has offered the opportunity to overcome the problems associated with the high pension liabilities of Council staff for a PVI provider. This would be achieved by retaining Abbey Children's Centre Nursery as an in-house service and transferring the John Perry Children's Centre Nursery staff into that Nursery. The expanded service at the Abbey Children's Centre Nursery would require a minimum of seven additional FTE staff to meet statutory minimum child / carer ratios. Although there are up to eight staff at the John Perry site who would currently be eligible for TUPE transfer, it is already known that two of those staff will shortly be leaving their positions to take up new jobs so the remaining complement of staff can all be accommodated in the expanded Abbey Children's Centre Nursery without adversely impacting on the on-going viability of the service.

2. Proposed Procurement Strategy for John Perry Children's Centre Nursery

2.1 Outline specification of the works, goods or services being procured.

2.1.1 The nursery service will provide high quality, affordable and sustainable childcare. Eligibility for the nursery service will be any child from the age of three months, up to the end of foundation stage, five years. The service will be accessible to all families and children that meet the eligibility criteria, from Monday to Friday, 8am to 6pm for fifty one weeks a year.

2.1.2 The service will promote and support all children to develop new skills, ensuring that children make progress towards the early learning goals and will allow children to play and learn together in well organised, safe and structured environments.

2.2 Estimated Contract Value, including the value of any uplift or extension period.

2.2.1 The costs of the provision will be borne solely by the provider. There will be no direct costs arising from the contract and ancillary lease to run the nursery for the Council. The operational running costs of the nursery will be met by the successful bidder, through fees paid by parents/carers on a total cost recovery basis.

2.2.2 Market rent for the nursery has been assessed by an independent agency. Rent will be paid to the Council and will be used as and when required for any necessary repairs to the nursery. The provider will pay a service charge that will cover all utilities and other services related to the building/service, so the rent is an income for the Council that can be used to maintain the nursery and make the provision cost effective. The provider, where applicable, will also be expected to pay business rates for the nursery.

2.3 Duration of the contract, including any options for extension.

2.3.1 The duration of the contract and coterminous lease will be five years with an option to extend for a further three years (eight years in total).

2.4 Is the contract subject to the (EU) Public Contracts Regulations 2006? If Yes, and contract is for services, is it subject to the Light Touch Regime?

2.4.1 As the service being procured will be provided and charged directly by the provider, with no element of income, only rent, being paid to the Council, this contract will constitute a concession contract. Concession contracts for services are currently exempt from the (EU) Public Contracts Regulations 2006 (the “Regulations”).

2.5 **Recommended procurement procedure and reasons for the recommendation.**

2.5.1 The tender process will be conducted in compliance with any European Union rules and principles and the Council’s Contract Rules. The tendering of the nursery will be advertised on the Council’s website and on Contracts Finder. Contracts Finder is a free service for businesses, government buyers and the public. The service comes from the government under its commitment to transparency and allows suppliers to find contract opportunities.

2.5.2 There is no requirement for this tender to be advertised in the Official Journal of the European Union (OJEU) as this contract is a service concession and this tender is therefore, not subject to the Regulations. The Council’s own Contract Rules require a formal tender process to be followed and the EU Treaty principles of transparency, non-discrimination and equality of treatment do apply. The route of a tender process has previously worked well: providers engaged with and had no issues with the way in which the procurement process was run. Interested parties will be invited to tender on the basis of a compliant tender process.

2.5.3 All providers who express an interest in the tender will be issued with a tender pack which will give clear details on the price/quality criteria and weightings. The weighting will be 95% quality and 5% cost and award will be based on the most economically advantageous tender.

2.5.4 The weightings are expected to be as follows (this is an overview; tenderers will be made aware of any sub criteria in the tender documents):

Stage One of the tender (Evaluation of Method Statements)

- 15% on service delivery ;
- 20% on management, staffing and business planning;
- 10% on communication and partnership working;

Stage Two of the tender (Unannounced visit)

- 5% based on an unannounced visit to a nursery operated by the selected provider/s;

Stage Three of the tender (Interview session)

- 45% on a presentation and interview session. Again, tenderers will be made aware of all sub criteria in advance.

If there are any revisions to the weightings during the tender exercise all providers who have requested a tender pack will be informed immediately.

2.5.5 Expected Tender Outline

Cabinet approval	15th February 2016
Advertise and send out tender application packs	Late February 2016
Tender submissions to be returned	Late March/ Early April 2016
Tender evaluations, unannounced nursery visits and interview	Early/Mid April 2016
Approval and award of contract	Late April/ Early May 2016
Start of contract delivery	September 2016

2.5.6 Providers will also be issued with an Application Questionnaire as part of the tender pack. Providers will be informed that they have to reach a pass mark of 75 or above. Of those providers that score 75 or above the top five providers will then have their tender application reviewed and scored.

2.5.7 Following the scoring of the tender application the top two providers will then be invited to a presentation and interview session. Before the interview sessions take place Council Officers will make unannounced visits to one of the provider's nurseries. The contract and lease will be awarded to the successful bidder for a period of five years with an option to extend for a further three years depending on performance. The contract period has been agreed upon to ensure consistency of service provision.

2.6 The contract delivery methodology and documentation to be adopted.

2.6.1 Service to be delivered by an external provider. Documentation to be adopted will be the Council's standard terms and conditions.

2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract.

2.7.1 **Service Outcomes**

a) Provision of additional childcare places for children, allowing more parents (especially lone parents) the chance to study, enter or re-enter the job market;
b) Provision of a nursery service that ensures every child at the setting makes progress and no child is left behind. Equality of opportunity and anti-discriminatory practice will ensure that every child at the nursery is included and supported;
c) Provision of a nursery service where children are safeguarded and where they feel safe, secure and well.

2.7.2 **Savings, income and efficiencies**

For John Perry Children's Centre Nursery, market rent and business rates will be paid to the Council. The rent payment will be used for and will ensure the upkeep and repair of the nursery building. This may lead to additional income for the Council.

Abbey Children's Centre Nursery has always generated a small profit and should continue to do so, especially with an increased number of places. The Nursery will continue to be a centre of excellence for the support of young children with special educational needs (SEN).

2.8 **Criteria against which the tenderers are to be selected and contract is to be awarded**

2.8.1 Overall quality/price weighting: quality 95% and price 5% with award to be based on the most economically advantageous tender.

2.9 **How the procurement will address and implement the Council's Social Value policies.**

2.9.1 The Council's Social Value policies and the Social Value Act 2012 are broadly aligned, and thus, this contract will address and implement the aims by:

- providing job opportunities and apprenticeships for local people;
- providing childcare places, enabling parents/carers to seek employment and/or training;
- provide a safe and secure environment for children to play, learn and develop.

3. Options Appraisal

3.1 The following options were considered.

Option 1: Do nothing; the Council continues to operate Abbey and John Perry Children's Centre Nurseries.
This option would involve trying to make John Perry Nursery more financially stable and profitable. The nursery could be expanded, but with the expansion of Abbey Nursery as well, this would involve employing additional staff at both nurseries. The new nursery staff would be paid in line with the National Joint Council (NJC) salary scales, with salaries being higher and employment benefits being more substantial than those usually paid or offered by PVI childcare providers. Additional staff, pay levels and employment benefits would also make any future outsourcing of either Nursery even more difficult.

Option 2: The Council closes the nurseries/ a nursery.
Since September 2014 the Council is required to deliver free early education places to 2,055 two year olds, in addition to the statutory 3 and 4 year old places It is the duty of the local authority to manage its market to ensure that sufficient capacity is available to deliver this. If any of the nurseries were to be closed, the Council would not be in a position to meet its statutory duty.

Option 3: Both nurseries are re tendered with a substantial financial incentive.
In the current financial climate, it would be very challenging to be able to find the available funds to re-tender the two nurseries with a substantial financial incentive, or to cover the cost of staff pension liabilities, for those staff subject to TUPE.

Option 4: Expand Abbey Nursery and move staff from John Perry Nursery to fill the vacancies and then re-tender John Perry with no staff subject to TUPE.
If Abbey Nursery is expanded to create an additional forty (40 places), staff from

John Perry Nursery could be redeployed to fill the staff vacancies created by this expansion. John Perry could then be outsourced as a viable business but without any staff subject to TUPE. This would then make John Perry Nursery more attractive to PVI providers and would provide an income (rent and business rates), to the Council. Abbey Children's Centre Nursery has always generated a small profit and should continue to do so, especially with an increased number of places. The Nursery will continue to be a centre of excellence for the support of young children with special educational needs (SEN).

3.2 Option 4 is the recommended option. This option would build on Abbey Children's Centre Nursery's success and reputation. The expansion of the Nursery would also provide much needed additional capacity for childcare places in the Borough.

4. Waiver

Not applicable.

5 Equalities and other Customer Impact

5.1 With a number of families now opting for part time places, both nurseries will be providing childcare for 100's of families. Parents will be eligible for all current childcare support, including access to free education places. The provider and the Council will be able to signpost parents and children to other services including Children's Centre services.

5.2 Children's Services will be responsible for supporting any preferred bidder at John Perry Children's Centre Nursery, to deliver high quality and fully inclusive childcare which is financially sustainable. As part of the procurement process, potential providers will be assessed for adherence to necessary legislation and regulations in particular around equalities. Equality of opportunity and anti-discriminatory practice will ensure that every child with a place at the nursery is included and supported.

6. Other Considerations and Implications

6.1 **Risk and Risk Management**

6.1.1 The procurement exercise for John Perry Children's Centre Nursery will assist in assessing the financial stability of any prospective providers. Credit checks will be conducted and audited accounts reviewed, if necessary. Providers will also be asked to submit a proposed financial plan for the first three years of running the nursery. Once financial stability has been established the main risk will be the quality of the service to be delivered. Technical ability will be assessed during the tender stages and will cover a range of areas including: experience, management and staffing, and safeguarding.

6.1.2 Once a provider has been chosen for John Perry Children's Centre Nursery and approval has been given, written contractual arrangements will contribute to ensuring a quality service. The contract and lease will be monitored and managed by a dedicated Contract Manager. The Contract Manager will liaise with the Council's Legal Team in order to resolve any contractual issues that arise during the life of the contract. Quarterly monitoring meetings will be conducted, with the provider having to complete and submit monitoring forms before any monitoring meeting.

6.1.3 Council Officers will conduct unannounced visits to John Perry Children's Centre Nursery to monitor the quality of the provision. Quality surveys will be conducted by the provider and the Council and will be aimed at parents / carers and children attending the nursery. Parents/carers will be made fully aware of how to make a complaint about the service being delivered. The provider will have to report any complaints made to the Council and where relevant Ofsted.

6.1.4 Both nurseries are and will also be subject to external inspection from Ofsted.

6.2 TUPE, other staffing and trade union implications

6.2.1 Staff from John Perry Children's Centre Nursery will be redeployed to fill the staff vacancies created by the expansion at Abbey Children's Centre Nursery. This will allow John Perry Children's Centre Nursery to be outsourced with no TUPE involved.

6.3 Safeguarding Children

6.3.1 Any chosen provider for John Perry Children's Centre Nursery will be required to conform to all the Council's local safeguarding procedures. This will be explicitly dealt with in the contract which will be drafted by the Council's Legal Department.

6.4 Property / Asset Issues

6.4.1 Children's Services will work closely with the Council's Legal and Property Services to ensure that a lease is put in place and runs concurrently with the John Perry Children's Centre Nursery contract and is capable of being terminated, for whatever reason and justification, in accordance with the service contract awarded. The nursery will be let at market value which will cover the cost of the Council carrying out routine repairs at the property.

6.4.2 Children's Services will be working closely with the Council's Property and Asset Management Teams, around the expansion of Abbey Children's Centre Nursery (and any future possible expansion of John Perry Nursery). This will ensure that any works are completed to a high standard and in line with all relevant Procurement Regulations and the Council's Contract Rules.

7. Consultation

7.1 The most recent Childcare Sufficiency Assessment was finished in September 2015. Details can be found at http://www.lbbd.gov.uk/ChildrenAndYoungPeople/ChildChoices/Pages/SufficiencyAssessment.aspx.

7.2 Consultation for this expansion and tender exercise has taken place through circulation of this report. The proposals in this report were considered and endorsed by the Corporate Procurement Board at its meeting on 19 January 2016.

7.3 Staff and Trade Union representatives have been kept fully informed of developments and the proposed way forward.

8. Corporate Procurement

Implications completed by: Francis Parker - Senior Category Manger

8.1 As the service is a concession, the EU Regulations in regards to mandated timescales do not apply, however it is recommended that the procurement is managed in the same manner as an open ITT tender to ensure transparency and a level playing field approach is utilized to mitigate any risk of challenge.

8.2 Although 95% Quality weighting seems one-sided, due to the fact that the service is of a technical and regulated nature this is deemed to be appropriate for this procurement.

8.3 The removal of any TUPE implications should make the offering more appealing to potential providers.

9. Financial Implications

Implications completed by: Carl Tomlinson, Group Manager Children's Finance

9.1 This report requests approval for the retention of Abbey Children's Centre Nursery as a Council provided service and its expansion to create an additional 40 places with effect from September 2016. The expansion of the Nursery will be funded from £1m revenue grant that has been capitalised to fund the development of new places. The Secretary of State authorised the request to disapply the financial regulations to support the development of new nursery places. Cabinet approved the inclusion of £1m in the capital programme in November 2015.

9.2 This report also requests the approval to procure a five year contract with an option to extend for a further three years for the provision of nursery places at John Perry Children's Centre Nursery with effect from September 2016. Staff from this nursery would be redeployed to the expanded Abbey Children's Centre Nursery with no TUPE involved.

9.3 The contract also includes an ancillary lease to run the nursery for the Council and requires the successful bidder to be responsible for its operational running costs. A market rent will be paid to the council and will be used for any repairs. A service charge will also be payable by the provider to cover utilities and other services. Children's Services will need to ensure that the lease that is entered into has the flexibility to terminate the contract and lease without any financial penalties. A full financial assessment and approval will be required before the award of the contract.

10. Legal Implications

Implications completed by: Kayleigh Eaton, Contracts and Procurement Solicitor, and Erol Islek, Property Solicitor

10.1 This report is seeking Cabinet's permission to retain Abbey Children's Centre Nursery as a Council provided service and carry out a new tender exercise for the appointment of a provider at the John Perry Children's Centre Nursery.

10.2 The proposal set out in the report is that the contract is let as a concession contract which means that there is no direct cost to the Council and all costs are borne solely by the Contractor. Until the draft Concession Contracts Regulations 2016 come into force, expected to be 18 April 2016, the Public Contract Regulations 2006 (the "Regulations") continue to provide for the general exclusion for service concession contracts under Regulation 6 (2) (m) which states that the Regulations do not apply to the seeking of offers in relation to a proposed public contract 'which is a services concession contract awarded by a contracting authority'. However in conducting the procurement, the Council still has a legal obligation to comply with the relevant provisions of the Council's Contract Rules and with the EU Treaty principles of equal treatment of bidders, non-discrimination and transparency in conducting the procurement exercise.

10.3 The EU Treaty principles noted above encourage the advertisement of contracts in a manner that would allow any providers likely to be interested in bidding for a contract to identify the opportunity and bid for a contract, should they wish to do so. This report states that the Council's website and the Contracts Finder website will be utilised for advertising to potential bidders.

10.4 Legal services note that an expected tender outline has been inserted in paragraph 2.5.5 of the report. Legal Services would advise that should there be any slippage or deviation from the proposed timetable, resulting in delays in the procurement exercise being carried out, that advice should be sought from Legal Services on any possible implications of the draft Concession Contracts Regulations 2016.

10.5 One of the recommendations of this report is that Cabinet delegate authority to the Corporate Director of Children's Services to award and enter into the contract and coterminous lease to the successful bidder. Contract Rule 47.15 provides that in the absence of any direction to the contrary from Cabinet, contracts may be awarded by the Chief Officer or in accordance with the scheme of delegation as long as the necessary financial approval has been given by Corporate Finance.

10.6 The report author and responsible directorate are advised to keep Legal Services fully informed at every stage of the proposed tender exercise. Legal Services are on hand and available to assist and answer any queries that may arise.

10.7 This report is also seeking Cabinet's approval to retain Abbey Children's Centre Nursery as a Council run service and carry out a new tender process for the appointment of a new provider at the John Perry Children's Centre Nursery. The Council owns the freehold land and building known as Abbey Children's Centre Nursery North Street, Barking, IG11 8JA and there are no property implications for the Council to carry out its statutory duties within its own property and land. The Council owns the freehold land and building known as John Perry Primary School, Charles Road, Dagenham, Essex, RM10 8UR and is therefore able to grant the required lease following a tender process. The Council's powers are contained in section 123 of the Local Government Act 1972, and Section 1 of the Localism Act 2011 also provides local authorities with a general power of competence.

Background Papers Used in the Preparation of the Report: None

List of appendices: None

CABINET

15 February 2016

Title: Planning Guidance Note. Land at Former Thames View Health Centre, Bastable Avenue	
Report of the Cabinet Member for Regeneration	
Open Report	**For Decision**
Wards Affected: Thames	**Key Decision:** Yes
Report Author: Daniel Pope, Development Planning Group Manager	**Contact Details:** Tel: 020 8227 3929 E-mail: daniel.pope@lbbd.gov.uk
Accountable Divisional Director: Jeremy Grint, Divisional Director Regeneration	
Accountable Director: John East, Strategic Director Growth and Homes	

Summary

The Thames View Health Centre site is owned by NHS Property Service Limited, however a small pre-emption clause exists giving the Council the option to exercise the right to acquire a small part of the site for a nominal amount. The Council is working with the NHS to jointly sell the combined site following resolution of 27 January 2015 Cabinet to approve the joint marketing and disposal with the NHS of the site (Minute 90 refers).

As part of this exercise the Council in partnership with the NHS has prepared a Planning Guidance Note (PGN) to explain with regard to the Development Plan what form of development would be acceptable on the site. This is provided at Appendix 1. It considers the site has the potential for a four storey residential building with accommodation in the roof space with the possible inclusion of some community space as well as commercial space at ground floor level. One parking space per new home is stipulated. The guidance note will be used in the marketing of the site.

Recommendation(s)

Cabinet is recommended to adopt the Planning Guidance Note in respect of land at the former Thames View Health Centre, Bastable Avenue, Barking, as set out at Appendix 1 to the report.

Reason(s)

Adoption of the PGN will help deliver the priority of “Growing the Borough” and the related objective of working with London partners to deliver homes and jobs across our growth hubs.

1. Introduction and Background

1.1 The Thames View Health Centre site is owned by NHS Property Service Limited, however a small pre-emption clause exists giving the Council the option to exercise the right to acquire a small part of the site for a nominal amount. The Council is working with the NHS to jointly sell the combined site following resolution of 27 January 2015 Cabinet to approve the joint marketing and disposal with the NHS of the site for the best consideration and terms that can reasonably be agreed (Minute 90 refers).

1.2 The site has been vacant since health services were transferred to Thames View Medical Centre immediately to the east. The site is therefore surplus to NHS requirements and available for redevelopment for an alternative use. The site faces Bastable Avenue to the north, and Samuel Ferguson Place forms the boundary to the west and south. Opposite the site are three storey local authority flats.

2. Proposal and Issues

2.1 This Planning Guidance Note will be included in the marketing literature for the site and those bidding for the site will be expected to comply with it and it will guide any resultant planning application. The site is in the heart of a strip of community uses comprising the Curzon Centre, Thames View Community Hall, Thames View Junior School, Thames View Medical Centre, Sue Bramley Centre, Thames View Library and Thames View Junior School. Therefore this site sits in a prominent location at the heart of the Thames View Estate within its civic quarter. For this reason officers consider that some community space as well as commercial space should be provided at ground floor level to compliment the adjacent uses with residential above this. In line with the height of the adjacent medical centre to the east, four storeys with accommodation in the roof space is recommended. One to one car parking is stipulated.

2.2 The note makes clear that in line with the London Plan the developer will need to submit a viability appraisal to demonstrate that the number of homes proposed is the maximum reasonable amount having regard to development viability.

3. Options Appraisal

3.1 A Planning Guidance Note is necessary to ensure that those bidding for site do so on the basis of a scheme which is likely to get planning permission. It is also necessary to ensure that the Council and the NHS are working to the same objectives. In terms of the content of the note, community uses at ground floor are recommended due to this being the civic heart of the Thames View Estate. The recommended height of the building has been set taking account of the height of the medical centre to the east.

4. Consultation

4.1 The guidance note has been agreed with the NHS and was endorsed by the Council’s Assets and Capital Board on 20 January 2016.

5. Financial Implications

Implications completed by: Carl Tomlinson; Finance Group Manager

5.1 Although the Council has the right to acquire a part of the former Thames View Health Centre site for a nominal amount, if the site is disposed of in its entirety, both the Council and the NHS will benefit from an enhanced marriage value. The whole site has been independently valued and the Council's proportion of the sale proceeds will be based on the combined value of selling the two sites together.

5.2 On 27 January 2015, Cabinet approved the marketing and disposal of the site in conjunction with the NHS. The Council will pay a proportional amount of this cost along with survey and legal fees which will all be met from the capital receipt. The total disposal and marketing fees are not expected to exceed 2% of the overall capital receipt.

5.3 The cost of producing the Planning Guidance Note has been funded by Regeneration and Economic Development budgets.

5.4 The development of the site will generate a Community Infrastructure Levy and, if the Government continues to support the scheme, a New Homes Bonus of £7,500 per new residential unit will also be received. As planning applications have not yet been submitted with respect to this proposed development, the exact number of additional residential units is not known and, therefore, it is not possible to estimate the amount of income that will be forthcoming at the present time.

5.5 The additional homes will also increase the Council Tax base, however, this income will be offset by the cost of the additional demands this development will place on local services; these include school places, waste collection and street cleansing.

6. Legal Implications

Implications completed by: Paul Field, Senior Corporate Governance Officer

6.1 27 January 2015 Cabinet approved the joint marketing and disposal with the NHS of the site. The note is not a statutory document and has limited weight in the planning process but since it expounds on Development Plan policy it provides certainty to any bidder on what form of development would be acceptable on the site.

7. Other Implications

7.1 **Risk Management -** The purpose of the note is to minimise planning risk for those bidding for the site and for the Council and NHS so they can be confident that the bids they receive are based on an acceptable scheme.

7.2 **Corporate Policy and Customer Impact -** The development of the site will make best use of land that has remained vacant for a number of years. There is the potential to safeguard the community space for local community groups.

7.3 **Safeguarding Children -** The note advises that due to the form of the development three bedroom family sized flats are not considered appropriate. Nevertheless the new homes could increase the child population and have an impact on school places and health resources.

7.4 **Crime and Disorder Issues -** The note requires any development to take full account of the principles and practices of "Secured by Design" in order to assist in reducing the opportunity for crime, minimising fear of crime and creating a safer and more secure environment.

7.5 **Property / Asset Issues -** The Thames View Health Centre site is owned by NHS Property Service Limited, however a small pre-emption clause exists giving the Council the option to exercise the right to acquire a small part of the site for a nominal amount. The Council is working with the NHS to jointly sell the combined site following resolution of 27 January 2015 Cabinet to approve the joint marketing and disposal with the NHS of the site.

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

List of appendices:

- **Appendix 1** – Land at former Thames View Health Centre, Bastable Avenue, Planning Guidance Note.

Appendix 1

Land at former Thames View Health Centre, Bastable Avenue

Planning Guidance Note

July 2015

Introduction

The former Thames View Health Centre site is located within the Thames View Estate midway along Bastable Avenue. To the east is the Thames View Medical Centre which replaced the Health Centre. To the west is Samuel Ferguson Place which provides access to Thames View Junior School which sits behind the site. On the western side of Samuel Ferguson Place is the Thames View Community Hall which is run by the Thames View Community Association.

Purpose of the guidance note

Barking and Dagenham Council has prepared this planning guidance note as a non-statutory framework for the redevelopment of the former Thames View Health Centre site. Its function is to improve the efficiency of the planning and development process, as well as improving the quality of any new development through the establishment of clear planning and design principles.

The guidance note does not re-write planning policy, but emphasises certain key planning policies relevant to the site and expands upon that already set-out in National Guidance, the London Plan, and the Local Plan (formerly called the Local Development Framework). It is strongly recommended that the feasibility of any proposal be tested against this note in addition to the plans, policies and objectives in the wider planning policy framework.

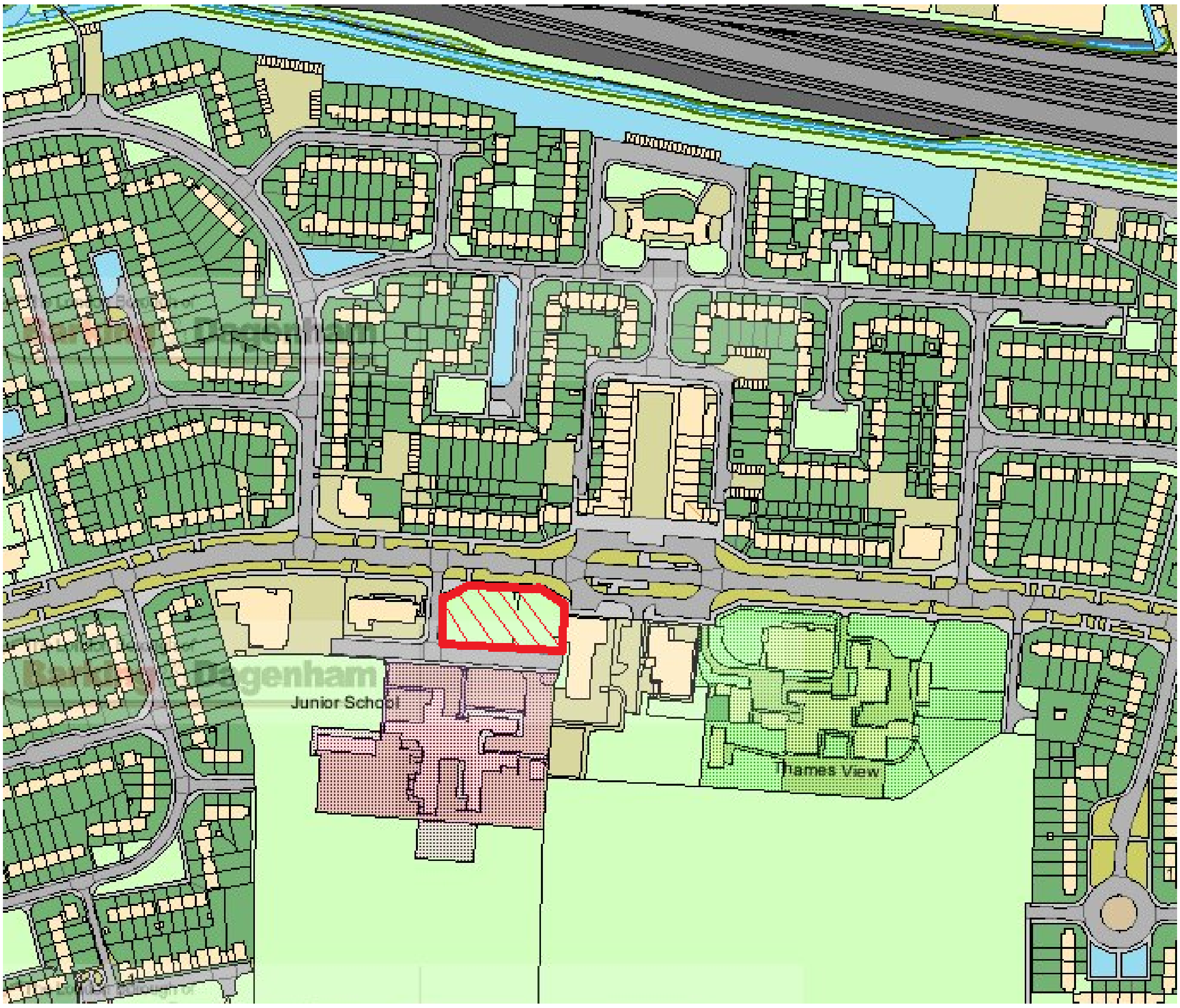
The guidance note has not been the subject of public consultation. Accordingly, it will be afforded limited weight if used in the determination of any planning application for the site or during an appeal process. However, complying with the provisions of the guidance note will afford any potential developer with an element of certainty as to what the Council may consider an acceptable scheme.

Development site in context

The site is owned by NHS Property Services Ltd (NHSPS), however a pre-emption clause exists giving the Council the option to exercise the right to acquire a small part of the site for a nominal amount. The Council is working with NHSPS to jointly sell the combined site following resolution by its Cabinet on 27th January 2015 to *"approve the joint marketing and disposal with NHS Property Services of the land adjacent to the Thames View Health Centre, Bastable Way"*

The site has been vacant since health services were transferred to Thames View Medical Centre immediately to the east. The site is therefore surplus to NHS requirements and available for redevelopment for an alternative use. The site faces Bastable Avenue to the north, and Samuel Ferguson Place forms the boundary to the west and south, with the new medical centre immediately to the east. Opposite the site are three storey local authority owned flats.

Site's area is 0.18 hectares in total



General Development Principles

The Council's vision is one borough; one community; London's growth opportunity. Its three corporate priorities are:

- Encouraging civic pride;
- Enabling social responsibility; and
- Growing the borough.

The site is in the heart of a strip of community uses comprising from west to east the Curzon Centre, Thames View Community Hall, Thames View Junior School, Thames View Medical Centre, Sue Bramley Centre which includes the Thames View Library and Thames View Infant School. These are complemented by the Farr Avenue Neighbourhood Centre. These facilities, shops and services serve the whole of the Thames View Estate which extends for one mile west to east and has a population of over 5,000 people.

Bastable Avenue is served by bus services EL1 and EL2, which provide a combined service of one bus every five minutes to Barking Town Centre. In tandem with the introduction of these enhanced bus services the public realm of Bastable Avenue was improved through public funding and this enhances the site's setting. Elsewhere within the Thames View Estate the Council has completed a number of infill Council housing schemes and at the eastern end of the estate an award winning scheme of over 200 Council flats and homes has been completed. This scheme in particular demonstrates the Council's commitment to high quality development and public realm.

Therefore this site sits in a prominent location at the heart of the Thames View Estate and within its civic quarter. The Council would prefer that the redevelopment of this site complements the area's function through the provision of some community space on at least part of the ground floor, where this would help to meet the local community's needs. This would match the borough's priorities of encouraging civic pride and enabling social responsibility, while the site's potential to provide new homes above ground floor level would assist the borough's ambition to provide new housing and grow the borough.

Acceptable Uses

The Council considers the site has the potential at ground floor level for some community space, and commercial uses which compliment the Farr Avenue parade, with residential redevelopment above.

Design and Planning Requirements

- Any proposal for the site is expected to be in-line with the London Plan and Barking and Dagenham's Local Plan; however the Council will not expect the requirement for 40% of new homes to be family sized to be met and it is likely that the Council would accept a scheme with a mix of one and two bedroom flats.

- The development must provide an active frontage to Bastable Avenue and its main entrance must be from it. The building must be parallel to and accessed from the back edge of pavement along Bastable Avenue

- A Building Regulations compliant minimum BREEAM Very Good rating should be achieved for any non-residential space.

- The developer will be expected to enhance the public realm along Samuel Ferguson Place to the west and south of the site. The design of any publically visible space should remain consistent with what has been recently delivered along Bastable Avenue.

The residential buildings on Bastable Avenue either side of Farr Avenue are uniformly three stories and signify that this is the civic and commercial heart of the Thames View Estate. However the civic buildings opposite, with the exception of the Thames View Medical Centre and the school clock tower, are low rise and set in generous grounds which give the area a feeling of spaciousness and tranquillity. The tallest building is the Thames View Medical Centre which rises in part to four storeys. Therefore the maximum height of the building on this site should be four storeys with the potential for accommodation within the roof-space.

- Special attention should be given to design so that any new building adds to the existing visual interest created by the assemblage of community buildings of varying styles which exist in this area.

- The building should maintain the sense of space which is characteristic of the community buildings along Bastable Avenue. Adequate daylight should be allowed into the west facing windows of the Thames View Medical Centre and the new building should be read as a separate entity. Finally the building should not be too overbearing on the walk for school children and parents accessing the school.

- The Council would accept car parking to the front of the building accessed from Samuel Ferguson Place and may allow the ground floor to breach the building line to maximise space.

- The Council would allow flexibility in that application of Local Plan external amenity standards and accept development that complies with the London Plan's private open space standards.

- Should provide a ratio of 1 parking space per new home reflecting its Public Transport Accessibility Rating of 2. Parking restrictions apply on Samuel Ferguson Place to keep it free from parked traffic during school closing and opening times so on-street parking serving the development would not be possible.

- Due to the prominence of the site the building must be sensitively designedand enhance views along Bastable Avenue.

- Meet all other relevant Development Plan standards including internal spaces standards, lifetime homes and cycle parking.

- Provide a scheme of landscaping for the site which shall include indications of all existing trees, shrubs and hedgerows on the site

- Take full account of the principles and practices of 'Secured by Design' in order to assist in reducing the opportunity for crime, minimising fear of crime and creating a safer and more secure environment

- In line with the London Plan provide a viability appraisal demonstrating that the number of affordable homes proposed is the maximum reasonable amount.

- Allow for the Mayor of London's CIL which is already in force and the Council's CIL which comes into force on 3 April 2015.

- The site is in Flood Zone 3 so a flood risk assessment is necessary.

- The site is within an archaeological priority zone and therefore a desk based assessment of the archaeological value of the site should be prepared.

- A phase 1 habitat survey may be required to record semi-natural vegetation and other wildlife habitats.

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CABINET

15 February 2016

Title: Pay Policy Statement 2016/17	
Report of the Cabinet Member for Finance and Central Services	
Open Report	**For Decision**
Wards Affected: None	**Key Decision:** No
Report Author: Claire Symonds, Strategic Director – Customer, Commercial and Service Delivery	**Contact Details:** Tel: 020 8227 5513 E-mail: Claire.symonds@lbbd.gov.uk
Accountable Officer: Chris Naylor, Chief Executive	

Summary:

Under the terms of the Localism Act 2011 the Council must agree before the start of the new financial year a pay policy statement covering chief officer posts and above. The Act sets out matters which must be covered under the policy.

The draft Pay Policy Statement for 2016/17 is included at Appendix A. It sets out the expected position at 1 April 2016.

Recommendation(s)

The Cabinet is asked to:

(i) Agree the new Local Living Wage rate of £9.40 (up from £9.20) with effect from 1 January 2016 in accordance with paragraph 3.3 in Appendix A to this report; and

(ii) Recommend the Assembly to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2016/17 as set out at Appendix A to the report, for publication on the Council's website with effect from 1 April 2016.

Reason(s)

Under the terms of the Localism Act 2011 the Assembly must agree a pay policy statement in advance of the start of each financial year. Cabinet is asked to recommend this statement to Assembly on 24 February 2016.

1. Introduction

1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for senior staff (chief officers) to be agreed by all Councillors at an Assembly meeting, before the beginning of each financial year. This policy is timetabled to go to Assembly on 24th February 2016.

1.2 The Council produced its first pay policy statement for the 2012/13 financial year in accordance with the Localism Act 2011. The definition of “chief officers” covers the Chief Executive, Strategic and Corporate Directors and Divisional Directors. The matters that must be included in the pay policy statement are as follows:

- The level and elements of remuneration for each chief officer.

- The remuneration of its lowest-paid employees (together with its definition of “lowest-paid employees” and its reasons for adopting that definition).

- The relationship between the remuneration of its chief officers and other officers.

- Other specific aspects of chief officers’ remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.

1.3 The Localism Act defines remuneration widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments.

1.4 The pay policy statement:

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

2. Context for the Pay Policy Statement

2.1 The borough faces enormous challenges and opportunities over the next five years as a consequence of the squeeze on public finances and the aspirations of this Council. The Council needs to change markedly if it is to tackle the challenges and grasp those opportunities. In May 2015, the Chief Executive presented a report to the JNC Salary and Conditions Panel outlining proposals to change the top team structure and introduce a number of new strategic director posts (and a new Divisional Director role focused on change and performance). This was on the basis that there was a need for greater capacity to support the organisation and Members if it was to deliver change at the speed needed.

2.2 At the same time the relationship with Thurrock evolved and a number of sharing arrangements have now ceased in recognition of the scale of the challenge facing Barking and Dagenham.

2.3 During the course of the last 12 months new appointments have been made and the new management team is in place. To meet agreed savings targets on senior management costs, some posts in the structure have been deleted. The Pay Policy Statement sets out the management structure and details of the Chief Officer posts within it. This is based on the structure that is expected to be in place at 1st April 2016.

2.4 The impact of the new structure and the additional capacity provided has already been felt. Examples of the work that the leadership team has driven forward are as follows:

- The Growth Commission will shortly publish its findings;
- Confirmation of the funding for the London Borough of Barking & Dagenham, Havering and Redbridge pilot, to develop an Accountable Care Organisation;
- Significant progress on the Housing Transformation Programme;
- The development of options for the future of the Council as part of the Ambition 2020 Programme.

2.5 In order to be successful going forward, the Council needs to attract and retain talented people to deliver the innovative solutions needed. There must be a balance between the need to offer a competitive package which is attractive, with the need to control costs. The management structure will come under scrutiny year on year, as the Council needs to adapt and implement its plans for future years.

2.6 It should also be recognised that 2016/17 is going to be one of significant change for the Council requiring transformational leadership at a senior level.

3. Local Living Wage

3.1 The additional costs of the LLW will be £50,600 and captured within budget.

4. Financial Issues

Implications completed by: Kathy Freeman, Divisional Director of Finance

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

5. Legal Issues

Implications completed by: Chris Pickering, Senior Employment Lawyer

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

6. Other Implications

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

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

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

6.4 **Equalities Issues –** The Council's approach to pay is based on the use of established job evaluation processes to determine the salary for individual roles, eliminating the potential for any bias in the process.

6.5 **Service Issues –** The ability to deliver effective services is dependent on having the right staff at different levels. The Council must have an approach to pay that enables it to recruit and retain the right people and also to motivate them to perform. The pay policy seeks to support that aim.

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

List of appendices:

Appendix A – Pay Policy Statement 2016/17

APPENDIX A

LONDON BOROUGH OF BARKING AND DAGENHAM

PAY POLICY STATEMENT 2016/17

1. Introduction – Requirement for Council Pay Policy Statement

1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement to be agreed by members before the beginning of each financial year. The Act does not apply to local authority schools. This document meets the requirements of the Act for the London Borough of Barking and Dagenham. This Pay Policy Statement presents the expected position at 1 April 2016.

1.2 The provisions of the "Act" require that councils are more open about their own local policies and how their local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold: responding to public demand, releasing data in open formats available for re-use, and, releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.

2. Organisational Context

2.1 The Council recognises that if it is to serve its communities well and deliver the agreed vision and objectives of the Council, it needs to be able to attract and retain talented people at all levels of the organisation. The Council continues to face very significant budget and demand challenges. We have put in place a programme of activities to address the challenges we face called "Ambition 2020", which will fundamentally review what this Council does, how services are structured and the way that it operates. Going forward this will have a considerable impact on our staff and we are working to understand what this will be, engaging with our staff and their representatives as we do so.

2.2 What we do know is that it is even more important to be in a position to recruit and retain talented people who will enable this Council to be successful. We have strengthened our senior management team in a number of areas, in order to give us capacity to take forward Ambition 2020 and the associated "Growth Commission" and this is reflected in this Pay Policy Statement. The number of senior posts has increased, but this is on a temporary basis and the structure will be reviewed again once Ambition 2020 is well-advanced to ensure that we have an affordable senior structure for the future and one capable of delivering within the new Council structure.

3. Pay and Reward Principles

3.1 Our approach to pay and reward continues to be based on the following principles:

- Pay levels are affordable for the Council, at a time when we are making some very difficult decisions about spending on services to the community;

- We can demonstrate fairness and equity in what we pay people at different levels and in different parts of the Council; and

- Pay is set at levels which enable us to recruit and retain the quality of staff we need to help us achieve our objectives at a time of financial hardship.

3.2 Pay levels are determined through a job evaluation system. For staff at PO6 and below we generally use the Greater London Provincial Council job evaluation system. For posts at PO7 and above we use the HAY job evaluation system. Pay point 49 (£44,766) is at the top of PO6 and bottom of PO7. Each system assesses the relative "size" of the role against a range of criteria, relating to its complexity, the number of resources managed and the knowledge required to undertake the role.

3.3 Pay rates are generally set against the national pay spine agreed by the National Joint Council, although there are local pay points at the top of the LBBD pay scale. The Council has committed to pay no less than the "London Living Wage" and ensure that none of its own staff, or agency workers working with the Council, are paid less than £9.40 per hour from 1 January 2016.

4. Defining "Chief Officers"

4.1 At the start of the 2016/17 financial year, the Council expects to have within its structure the following Chief Officer posts:

- Chief Executive (Head of Paid Service)
- Strategic Director – Service Development & Integration
- Strategic Director – Customer, Commercial & Service Delivery
- Strategic Director – Finance & Investment (Section 151 Officer)
- Strategic Director – Growth & Homes
- Corporate Director of Children's Services
- Director of Law & Governance - Monitoring Officer (0.7fte)
- Lead Divisional Director for Adults and Community Services
- Director of Public Health
- Divisional Director - Finance
- Divisional Director – Strategy & Programmes
- Divisional Director - Regeneration
- Divisional Director - Housing Strategy & Advice
- Divisional Director – Housing Management
- Divisional Director - Strategic Commissioning and Safeguarding
- Divisional Director – Care & Complex Needs
- Divisional Director – Education, Youth & Childcare
- Divisional Director - Culture and Sport
- Divisional Director - Adult Social Care

5. Accountability for Chief Officers Pay

5.1 The pay arrangements for chief officers are overseen by a Panel (called the JNC Salaries and Conditions Panel) appointed by the Council's Assembly.

5.2 The Council's constitution sets out the responsibilities and composition of the Panel and states:

JNC Salaries and Conditions Panel - consisting of the Leader (who shall be Chair), the Deputy Leader(s) of the Council, the relevant Portfolio Holder(s) and two non-Cabinet councillors (selected by the Chief Executive, in consultation with the Leader, from a pool of four non-Cabinet councillors appointed by the Assembly), to consider and make final decisions in relation to:
(a) salaries and conditions for JNC officers (including the Chief Executive);
(b) the grading of any new JNC posts in line with Council policy; and
(c) senior management (JNC) structures / reorganisations.

6. Current Pay Policy and Base Pay Rates

6.1 Setting Salary Levels

6.1.1 Chief Officer roles are evaluated using the HAY job evaluation system. There is a commitment to review salary levels about every three years. In undertaking reviews, account is taken of the market, particularly the market in London, to ensure we can compete successfully for the talent we need to lead and manage in the current challenging environment. The salary benchmarking information we have comes from the LGA ePayCheck survey. The latest information we have is from 2014/15. There was a 91% response rate to this survey among London Boroughs. The median rates of pay for roles in London, based on the information from the survey, were as follows:

CX	- £175,313
Exec Director	- £133,725
Director	- £102,977
Assistant Director	- £89,869 (pre 1% pay award in April 2015, for roles below £100k)

6.1.2 This data shows that LBBD pays at or below the median pay rates for senior roles. This also reflects the advice given by recruitment consultants in the recent exercises undertaken to recruit to the roles of Chief Executive and Strategic Director.

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

6.2 Chief Executive

6.2.1 The salary for the Chief Executive, agreed at appointment in November 2014, is £165,000.

6.3 Chief Officer Pay Range

6.3.1 The Chief Officer pay range was last reviewed and amended in 2013. There are no proposals to review this pay range in 2016/17. The current pay range is as follows:

CO1	£80,314
CO2	£91,558
CO3	£101,196
CO4	£108,661
CO5	£120,000
CO6	£131,757

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

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

Position	**Grade of Post**	**Salary cost to LBBD (excl. on-costs)**
Chief Executive (Head of Paid Service)	Individual spot salary	£165,000
Strategic Directors and Corporate Director	CO6	£131,757
Divisional Directors	CO2 – CO4	£91,558 - £108,661
Director of Public Health	Individual spot salary	£90,000

7. Contingent Pay

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

7.2 The Divisional Director, Complex Needs and Social Care receives a market supplement of £10,000 to recognise the challenges of recruiting in this market.

8. Pensions

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

9. Other Terms and Conditions

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

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

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

10. Election Expenses

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

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

11. Termination / Severance Payments

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

11.2 The Government is introducing, through the Small Business, Enterprise and Employment Act 2015, a £95,000 cap on "exit payments". Regulations will be inserted by the Enterprise Bill 2015-16 and a date for implementation is expected in 2016. This will limit the amount a public sector worker could be paid for losing their job to £95,000. This will apply to all staff but predominately high earners and will cover:

- Redundancy payments
- Payments on voluntary exits
- Pension strain costs
- Severance or ex-gratia payments
- Payment for outstanding entitlement
- Compensation under the terms of a contract
- Pay in lieu of notice
- Any other payments made as a result of loss of employment.

11.3 A different set of regulations, The Repayment of Public Sector Exit Payment Regulations 2015, will come into force on 1 April 2016 which will set out the liability to repay any exit payment if the exit payee returns to the same 'sub-sector' within 12 months of receiving the payment. If they return to the same sub-sector within 28 days the whole amount is due, thereafter tapering arrangements become operational. The Assembly may exercise a waiver to exclude such a repayment. If a waiver is issued it must be published along with the reasons for doing so in the preceding twelve months at the beginning of a financial year or published in the annual accounts. Guidance is awaited on the exercise of a waiver. If reclaimed an exit repayment is made to the 'old' employer and the sum passed through to the Treasury.

12. Retirement

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

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

13. Redundancy

13.1 Employees who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on their actual salary. The standard London Borough of Barking and Dagenham redundancy scheme applies to all officers. The scheme was amended as part of the savings proposals for the 2016/17 financial year. At present, a redundancy multiplier applies and a maximum of 45 weeks of actual pay is payable depending on length of service. From 1 October 2016, there will be no multiplier and the maximum will be 30 weeks.

13.2 A voluntary redundancy scheme was introduced on 1 February which will remain open until 30 May 2016.

14. Settlement Agreements

14.1 Where an employee leaves the Council's service in circumstances which are, or would be likely to, give rise to an action seeking redress through the Courts from the Council about the nature of the employee's departure from the Council's employment, the Council may settle such claims by way of a settlement agreement where it is in the Council's interests to do so. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Legal advice will be sought in all cases. Should such a matter involve the departure of a Strategic Director or the Chief Executive it will only be agreed following receipt of external legal advice that it would be lawful and reasonable to do so.

15. Fairness and Equality

15.1 Pay Ratios

15.2 It was agreed that as of 1 January 2013, no permanent member of the Council's staff should be paid less than £9 per hour (excluding those on apprenticeship schemes). This supports the Council's ambition to raise average local household incomes, and reflects its commitment to pay fairness. The Council has also agreed that this should apply to all agency staff working on Council assignments. This minimum rate increased to £9.40 per hour (equivalent to an annual salary of £17,154) with effect from 1 January 2016.

15.3 Based on this figure, the Council's pay multiple - the ratio between the highest paid employee, the Chief Executive and lowest paid employee - is 1:9.6 (1:9.8 in 2015/16).

15.4 The ratio between the Chief Executive's salary level and the median earnings figure for all employees in the Council is 1:8:6. The median earnings figure is for all employees at 1 April 2016 was £19,182 pa.

15.5 Across London the average ratio between the highest and median salaries is 1 to 7, based on a Chief Executive's average of £181,500 (taken from London Councils 2015 Senior Staff Pay Data). The variance in LBBD is attributable to the retention of in-house services such as catering and cleaning.

16. Any Additional Reward Arrangements

16.1 There are none in place.

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