



Brent

SUMMONS TO ATTEND COUNCIL MEETING

Monday 8 September 2014 at 7.00 pm

Conference Hall - Brent Civic Centre, Engineers Way,
Wembley, HA9 0FJ

To the Mayor and Councillors of the London Borough of Brent and to each and every one of them.

I hereby summon you to attend the MEETING OF THE COUNCIL of this Borough.

CHRISTINE GILBERT
Chief Executive

Dated: Friday 29 August 2014

For further information contact: Peter Goss, Democratic Services Manager
020 8937 1353, peter.goss@brent.gov.uk

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democracy.brent.gov.uk

**The press and public are welcome to attend this meeting
Please note this meeting will be filmed for live broadcast on the Council's website. By entering the meeting room you will be deemed to have consented to the possibility of being filmed and to the possible use of those images and sound recordings for webcasting.**

Agenda

Apologies for absence

Item	Page
1 Minutes of the previous meeting	1 - 14
2 Declarations of personal and prejudicial interests	
Members are invited to declare at this stage of the meeting, any relevant personal and prejudicial interests and discloseable pecuniary interest in any matter to be considered at this meeting.	
3 Mayor's announcements (including any petitions received)	
4 Appointments to committees and outside bodies and appointment of chairs/vice chairs (if any)	
5 Report from the Leader or members of the Cabinet	15 - 16
To receive reports from the Leader or members of the Cabinet in accordance with Standing Order 38.	
6 Deputations (if any)	
To hear any deputations received from members of the public in accordance with standing order 39.	
7 Questions from the Opposition and other Non- Executive Members	
Questions to be put to members of the Cabinet in accordance with standing order 40.	
8 Report from the Chair Scrutiny Committee	17 - 24
To receive a report from the Chair of the Scrutiny Committees in accordance with Standing Order 41.	
9 Members Allowances	25 - 50
This report addresses the requirement for the Council to review allowances to elected Members on a regular basis and to take into account the recommendations of the Independent Remuneration Panel for London (prepared by London Councils), which reported in June 2014.	

Ward Affected: All Wards

Contact Officer: Fiona Ledden,
Director of Legal and Procurement

Tel: 020 8937 1292

fiona.ledden@brent.gov.uk

10 2013/14 Treasury Management Outturn Report

51 - 60

Ward Affected: All Wards

Contact Officer: Mick Bowden, Deputy
Director of Finance

Tel: 020 8937 1460

mick.bowden@brent.gov.uk

11 Motions

To debate the motions submitted in accordance with Standing Order 45.

12 Urgent business

At the discretion of the Mayor to consider any urgent business.



Please remember to switch your mobile phone to silent during the meeting.

- The meeting room is accessible by lift and seats will be provided for members of the public.

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LONDON BOROUGH OF BRENT

Minutes of the ANNUAL MEETING OF THE COUNCIL
held on Wednesday 4 June 2014 at 7.00 pm

PRESENT:

The Worshipful the Mayor
Councillor Bobby Thomas

The Deputy Mayor
Councillor Kana Naheerathan

COUNCILLORS:

Aden	Agha
Ahmed	Allie
Bradley	Butt
Carr	Chohan
S Choudhary	A Choudry
Colacicco	Collier
Colwill	Conneely
Crane	Daly
Davidson	Denselow
Duffy	Eniola
Ezeajughi	Farah
Filson	Harrison
Hector	Hirani
Hossain	Hylton
Jones	Kabir
Kansagra	Khan
Moher	Kelcher
Long	Marquis
Mahmood	Mashari
McLeish	McLennan
Miller	J Mitchell Murray
W Mitchell Murray	Nerva
Oladapo	BM Patel
M Patel	RS Patel
Pavey	Perrin
Shahzad	Krupa Sheth
Southwood	Stopp
Tatler	Van Kalwala
Warren	

Apologies for absence

Apologies were received from: Councillors Dixon, Hoda-Benn, Ms Shaw and Ketan Sheth

1. To elect the Mayor of the borough for the municipal year 2014/15

The Worshipful the Mayor, Councillor Thomas called for nominations for the office of the Mayor of the Borough for the municipal year 2014/2015.

Councillor Butt nominated Councillor Naheerathan and this was seconded by Councillor Kansagra. Councillor R Patel spoke in support of the nomination.

There being no other nominations it was

RESOLVED:

that Councillor Naheerathan be and is hereby elected, Mayor of the London Borough of Brent, for the municipal year 2014/2015.

Councillor Naheerathan was robed and invested with the Mayor's chain.

Councillor Naheerathan signed the statutory Declaration of Acceptance of Office of Mayor.

The past Mayor, Councillor Thomas vacated the Chair which was taken by the newly elected Mayor.

The Mayor then thanked Members of the Council for his election and congratulated members on their success at the recent local elections. He announced his wife and son as his Mayoress and consort. He thanked the outgoing Mayor for the opportunities afforded to him during the past year and stated that he would be announcing the charities he would be supporting at a later date.

2. Appointment of a councillor of the borough to be Deputy Mayor

The Mayor announced the appointment of Councillor Jones as Deputy Mayor of the London Borough of Brent for the municipal year 2014/2015.

3. Votes of thanks

Councillor Pavey moved a vote of thanks, which was unanimously supported. He added that without an army of volunteers the work of the Council would quickly be affected, especially those who served as school governors where the role had become much more demanding.

RESOLVED:

that the Council place on record their thanks and regard for the outstanding public service rendered by the co-opted members, independent members, observers and others who have served on council committees, sub-committee, consultative committees, boards, governing bodies, resident associations etc during the past municipal year.

Councillor Butt moved a vote of thanks to the retiring Mayor for his services to the community. He reminded the Council that Councillor Thomas had presided over the Council during a year in which it had relocated to the new Civic Centre. Councillor Kansagra congratulated the new Mayor on behalf of his group and thanked him for the work he had undertaken during his year.

RESOLVED:

that the Council records its appreciation of the outstanding service rendered by Councillor Thomas as Mayor of the London Borough of Brent during the past municipal year and for the manner in which he has presided over Council meetings. The Council also appreciates his attendance at a vast number of events and functions and his service to all sections of Brent's diverse community.

Councillor Thomas, having been invested with the past Mayor's Badge, thanked councillors for their tributes and reflected on his year of office.

4. Minutes of the previous meeting

RESOLVED:-

that the minutes of the previous meeting held on 3 March 2014 be approved as an accurate record of the meeting.

5. Declarations of personal and prejudicial interests

None declared.

6. Appointment of Leader of the Council and notification of appointments to the Executive

Councillor Kabir moved the appointment of Councillor Butt as Leader of the Council for the term 2014-18.

RESOLVED:

- (i) that Councillor Butt be appointed Leader of the Council for the term 2014-18;
- (ii) that the membership of the Executive as set out in Appendix A to the minutes be noted.

7. Changes to the constitution

Members considered the circulated report which set out proposed changes to the Constitution; these included amendments to the executive arrangements, Full Council, the scrutiny arrangements and the terms of reference of some committees.

Objections were voiced to some of the proposed changes such as reducing the number of scrutiny committees, the position of chair of Scrutiny Committee being a member of the majority party and bringing forward the time for the guillotine. The view was put that the ability of members to ask supplementary questions at Full

Council meetings should be restored and that the changes proposed to Full Council should be reviewed later in the year. The Leader responded that the proposals had been the subject of careful consideration and that some of the changes could be reviewed if necessary at a later date.

RESOLVED:

- (i) that the Constitution be changed as shown in Appendix 1 of the report submitted;
- (ii) that authority be delegated to the Director of Legal and Procurement to make such miscellaneous and incidental changes to the Constitution as are necessary relating to the changes set out in the report submitted.

8. Representation of political groups on committees and political assistants

A supplementary report from the Director of Legal and Procurement was circulated at the meeting. As well as dealing with the rules to be applied on the allocation of places on committees established by the Council and the position regarding political assistants following the outcome of the local elections, the report also addressed a change in the number of political parties within the Council and the impact this had on the political balance of the Council.

Councillor Kansagra explained that three members of the Conservative Group had decided to form their own group and the supplementary report reflected this. He referred to paragraph 3.13 and strongly objected to amalgamating the support offered to the two groups. Councillor Warren confirmed that he and Councillors Davidson and Shaw had decided to form their own group to be called the Brondesbury Park Conservatives.

RESOLVED:-

- (i) that the size of the committees to be established by the Council and the allocation of seats to each of the political groups be as follows:

Committee	Size	Labour	Liberal Democrats	Conservative	Brondesbury Park Conservatives
General Purposes	8	7	0	1	0
Planning	8	7	0	1	0
Audit	5*	4	0	0	1
Standards	5*	4	0	0	1
Corporate Parenting	5	5	0	0	0
Totals	31	27	0	2	2
Other committees	Size	Labour	Liberal Democrats	Conservative	Brondesbury Park Conservatives

Scrutiny Committee#	8	7	0	1	0
Alcohol and Entertainment Licensing	15	13	0	1	1

*plus 1 non voting co-opted member

#plus 4 statutory co-opted members and 2 non statutory co-opted members

- (ii) to note that the political balance on sub-committees will be reviewed at the first meetings of the Alcohol and Entertainment Licensing Committee and General Purposes Committee;
- (iii) that the Labour Group and the group comprising the Conservative Group and the Brondesbury Park Conservative Group be allocated political assistants and that the Constitution be amended in accordance with Appendix 1 of the supplementary report submitted;
- (iv) that the Constitution be amended in accordance with changes shown in Appendix 2 of the supplementary report submitted.

9. Appointments to committees and outside bodies and appointment of chairs/vice chairs

RESOLVED:

- (i) that the appointment of Chairs, Vice-Chairs and the memberships of committees be as set out in Appendix A to these minutes;
- (iv) that the following statutory co-optees be appointed to the Scrutiny Committee for the municipal year 2014/15:
 - Alloysius Frederick
Elsie Point
 - Catholic faith
Church of England faith
- (v) that Dr J Levison, representing the Jewish faith, and Mrs Hawra Imame, representing the Muslim faith, be appointed as non-statutory co-opted members of the Scrutiny Committee for the municipal year 2014/15;
- (vi) that Sheila Darr be appointed as a non-statutory co-opted member of the Standards Committee for the municipal year 2014/15;
- (v) that David Ewart be appointed as a non-statutory co-opted member and chair of Audit Committee
- (vii) that appointments/nominations to outside bodies be made as set out in Appendix B to these minutes.

10. Members' code of conduct and Licensing and Planning codes of practice

The report before Members dealt with the adoption of a Members' Code of Conduct and recommended changes to the Licensing and Planning Codes of Practice.

RESOLVED:

- (i) that the changes made to the Licensing Code of Practice, as shown in Appendix 1 to the report submitted, be agreed;
- (ii) that the changes made to the Planning Code of Practice, as shown in Appendix 2 to the report submitted, be agreed;
- (iii) that the revised Members Code of Conduct, as shown in Appendix 3 to the report submitted, be agreed.

11. Calendar of meetings

A supplementary report listing amendments to the previous report was circulated.

RESOLVED:

- (i) that the dates for Full Council and other meetings to take place during the municipal year 2014/2015, as set out in Appendix 1 to the supplementary report submitted be agreed in principle;
- (ii) that the Democratic Services Manager be authorised to make any alterations deemed necessary to the calendar during the course of the municipal year, subject to the usual consultation.

12. Urgent business

None.

The meeting closed at 8.20 pm

COUNCILLOR KANA NAHEERATHAN
Mayor



COUNCIL STRUCTURE

MAY 2014 – MAY 2015

EXECUTIVE

BUTT	LEADER
PAVEY	DEPUTY LEADER
DENSELOW	STRONGER COMMUNITIES
HIRANI	ADULTS, HEALTH AND WELLBEING
MASHARI	EMPLOYMENT AND SKILLS
MCLENNAN	REGENERATION AND HOUSING
MOHER	CHILDREN AND YOUNG PEOPLE
PERRIN	ENVIRONMENT

HIGHWAYS

PERRIN (C)
DENSELOW
MASHARI
MCLENNAN
MOHER

BARHAM PARK TRUST

PAVEY (C)
DENSELOW
HIRANI
MCLENNAN
PERRIN

COUNCIL COMMITTEES/JOINT COMMITTEES

ALCOHOL AND ENTERTAINMENT LICENSING COMMITTEE

(13/1/1/0)

ADEN
AHMED
BRADLEY

**CHOHAN (C)
COLLIER
CONNEELY
DUFFY
HECTOR
HODA-BENN
LONG
MAHMOOD
MCLEISH
TATLER**

BM PATEL

WARREN

AUDIT COMMITTEE

(4/0/1/0)

**CHOUDRY
KHAN
MCLEISH
VAN KALWALA**

Labour substitutes: RAMESH PATEL, KRUPA SHETH, STOPP, THOMAS

DAVIDSON

Brondesbury Park Conservative substitutes: SHAW, WARREN

**NON-STATUTORY
CO-OPTEE**

David Ewart (C)

GENERAL PURPOSES COMMITTEE

(7/1/0/0)

**BUTT (C)
DENSELOW
HIRANI
MCLENNAN
MOHER
PAVEY
PERRIN**

Labour substitutes: MASHARI, NERVA, JOSHUA MITCHELL MURRAY, MCLEISH, MAHMOOD, KHAN, KABIR

KANSAGRA

Conservative substitutes: COLWILL, BM PATEL

PLANNING COMMITTEE

(7/1/0/0)

**AGHA
CHOUDHARY
COLACICCO
FILSON
HYLTON
MAHMOOD
MARQUIS (C)**

Labour substitutes: EZEAJUGHI, WILLHELMINA MITCHELL-MURRAY, DUFFY, DALY, CONNEELY, CHOUDRY, CHOHAN

KANSAGRA

Conservative substitutes: COLWILL, BM PATEL

CORPORATE PARENTING COMMITTEE

(4/1/0/0)

**CONNEELY
HOSSAIN
MOHER (C)
THOMAS**

Labour substitutes: DIXON, CRANE, COLACICCO, CHOUDHARY

vacancy

HEALTH AND WELLBEING BOARD

(4/1/0)

**HIRANI
MOHER
PAVEY (C)
PERRIN**

Labour substitutes: BUTT, MASHARI, MCLENNAN, DENSELOW

vacancy

Dr Etheldreda Kong, Brent CCG Chair

Dr Sarah Basham, Brent CCG Vice Chair

Mr Rob Larkman, Chief Officer, BEHH (alternative Jo Ohlson)

Ms Jo Ohlson, Chief Operating Officer, Brent CCG (alternative Sarah Mansuralli)

SCRUTINY COMMITTEE

(7/1/0/0)

**ALLIE
DALY
CHOUDRY(C)
WILHELMINA MITCHELL MURRAY
OLADAPO
SOUTHWOOD
VAN KALWALA**

Labour substitutes: KETAN SHETH, AGHA, THOMAS, STOPP, RAMESH PATEL, NERVA, JOSHUA MITCHELL MURRAY

COLWILL

Conservative substitutes: KANSAGRA, BM PATEL

STATUTORY CO-OPTTEES: *vacant (Primary School Parent Governor)*
vacant (Secondary School Parent Governor)
Alloysius Frederick (Catholic Faith)
Elsie Point (Church of England Faith)

NON-STATUTORY CO-OPTTEES: *Dr Levison (Jewish Faith)*
Mrs Hawra Imame (Muslim Faith)

OBSERVERS: *Mr A Carter*
Ms J Cooper
Mrs L Gouldbourne
Ms C Jolinon
Mr B Patel
Brent Youth Parliament representatives

STANDARDS COMMITTEE

(4/0/1/0)

CRANE
DIXON
KRUPA SHETH
THOMAS

Labour substitutes: MCLEISH, MAHMOOD, KHAN, KABIR

WARREN

Bromdesbury Park Conservative substitutes: DAVIDSON, SHAW

NON-STATUTORY CO-OPTTEE: *Sheila Darr*

INDEPENDENT PERSONS: *Vacant*

NORTH WEST LONDON JOINT HEALTH OVERVIEW AND SCRUTINY COMMITTEE

(1/0/0/0)

DALY

LONDON COUNCILS LEADERS' COMMITTEE (s101 JOINT COMMITTEE)

BUTT *Vacant (Deputy)*

LONDON COUNCILS GRANTS COMMITTEE (ASSOCIATED JOINT COMMITTEE)

PAVEY Denselow (Deputy)
McLennan (Deputy)
Perrin (Deputy)

LONDON COUNCILS TRANSPORT AND ENVIRONMENT COMMITTEE

(ASSOCIATED JOINT COMMITTEE)

PERRIN Vacant (Deputy)
Vacant (Deputy)
Vacant (Deputy)
Vacant (Deputy)

LONDON COUNCILS GRANTS COMMITTEE (ASSOCIATED JOINT COMMITTEE)

PAVEY **DENSELOW (DEPUTY)**
MCLENNAN (DEPUTY)
PERRIN (DEPUTY)
VACANCY (DEPUTY)

LONDON HOUSING CONSORTIUM

McLENNAN
COLLIER

OTHER BODIES AND PANELS

ADOPTION AND PERMANENCY PANEL

(1/0/0/0)

HOSSAIN

FOSTERING PANEL

(1/0/0/0)

DIXON

TRADING STANDARDS JOINT ADVISORY BOARD

(3/0/0/0)

ADEN
CHOHAN
KHAN

Substitutes: HOSSAIN, HECTOR, FILSON

WELSH HARP JOINT CONSULTATIVE COMMITTEE

(4/0/0/0)

**AHMED
CRANE
FARAH
MASHARI**

Substitutes: DIXON, MAHMOOD, ENIOLA

SERVICE USER CONSULTATIVE FORUMS

USER FORUM	CHAIR	2 ADDITIONAL COUNCILLORS No appointments made
EQUALITY DISABILITY PENSIONERS' PRIVATE SECTOR HOUSING VOLUNTARY SECTOR LIAISON	WILHEMINA MITCHELL- MURRAY KHAN HARRISON THOMAS FARAH	

BRENT CONNECTS FORUMS

FORUM	CHAIR	VICE-CHAIR
HARLESDEN KILBURN AND KENSAL KINGSBURY AND KENTON WEMBLEY WILLESDEN	THOMAS OLADAPO RAMESH PATEL KRUPA SHETH MILLER	EZEAJUGHI SOUTHWOOD CHOUDHARY HOSSAIN AHMED

YOUTH PARLIAMENT

MURRAY - (Co-Chair)
VACANCY - (Co-Vice-Chair)

OUTSIDE BODIES NOMINATIONS 2014/15

Name of outside body organisation	Member/s Nominated for municipal year 2014/15
Age UK London	Harrison [L], Hirani [L]
Agreed Syllabus Conference	S Choudhary[L], Nerva [L], Tatler [L]
Brent Housing Partnership (BHP) Board	Long [L], Oladopo [L], S Choudhary [L]
Brent Local Board	Hirani [L], McLeish [L]
Brent Sports Council	Kelcher [L], Hylton [L], 1 Vacancy
Central and North West London NHS Foundation Trust	Ketan Sheth [L]
Chalkhill Community Centre	Marquis [L]
Chalkhill Community Trust Fund	S Choudhary [L], Pavey [L]
Edward Harvist Trust	<i>No appt. required until 2015-16 as term of office was 4 years.</i> Choudhary [L]
Energy Solutions (North West London)	Mclennan [L]
Greater London Enterprise Board	Khan [L]
Hillside Housing Trust	Van Kalwala [L]
Historic Environment Champion (English Heritage)	Filson [L]
Local Government Association General Assembly	Butt [L], Pavey (Deputy) [L] First named to exercise the borough's 7 votes. Deputy to do so in his absence
Local Government Information Unit Members' Assembly	Nerva [L], Miller (Deputy) [L]

OUTSIDE BODIES NOMINATIONS 2014/15

Name of outside body organisation	Member/s Nominated for municipal year 2014/15
London Road Safety Council	Perrin [L], S Choudhary [L]
London Youth Games Committee	Krupa Sheth [L] (nomination only) (7 trustees are appointed from nominations received by London Boroughs)
Museums Association	Filson [L]
Partners for Brent (Local Strategic Partnership)	Butt [L]
Queen's Park Joint Consultative Group	Denselow [L], Nerva [L], Southwood [L]
Reserve Forces and Cadets Association for Greater London	Joshua Mitchell-Murray [L]
Standing Advisory Council for Religious Education (SACRE)	S Choudhary[L], Nerva [L], Tatler [L]
Tricycle Theatre	Butt [L], Duffy [L]
Wembley Educational Foundation	Krupa Sheth [L], Murray [L]
Wembley Eleemosynary Charities	Krupa Sheth [L], Murray [L], Stopp [L], Willomena Mitchell-Murray [L]
West London Alliance	Butt [L]
West London Partnership	Butt [L]
West London Waste Authority	Perrin [L]
Willesden Consolidated Charities (4 YEAR TERM)	Jones [L], Miller [L], Collier [L], Long [L]



FULL COUNCIL – 8 SEPTEMBER 2014

Report from the Cabinet

1. The Leader and Cabinet members will report on matters which are the responsibility of the Cabinet, in accordance with standing order 38.
2. **Decisions taken by the Executive/Cabinet under the Council's urgency provisions**

Under the provisions of rule 38 of the Access to Information Rules in the Constitution, the Cabinet is required to report to the Full Council for information on any key decisions taken by them which did not appear in the Forward Plan giving 28 days' notice or where due notice was not given that a report, or part thereof, was to be considered in private.

Notification that the following reports, considered by the Executive/Cabinet on the dates shown contained appendices which were considered in private:

- 13.01.14 Award of tenders for Speech and Language Therapies
- 24.03.14 Green Deal and Energy Company Obligation - Delivery Partner Contract Award
- 22.04.14 Renewal of Microsoft Licensing Agreement
- 16.06.14 Adult Home Care Services - framework appointments
Leasing of Office Accommodation Brent Civic Centre
- 21.07.14 Brent RE:FIT Programme Report – authority to proceed to Call-Off Contract Phase 2


Less than 28 days notification was given of the following on the Forward Plan:

- 22.04.14 Renewal of Microsoft Licensing Agreement
- 21.07.14 Changes to Recycling and Green Waste Collections
ASC Accommodation Based Care and Support Market Development Plan (MDP)
Bio Fuel Supplies for Civic Centre CHP
- 26.08.14 Copland School updates on land acquisition and associated costs

Reason why it was impracticable to defer the decisions until they could be included on the forward plan giving due notice:

In order for the decisions to be taken within timescales and to ensure the Council was not financially disadvantaged.

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 Brent	Full Council 8 September 2014 Report from the Assistant Chief Executive
For Action Wards Affected: ALL	
Report from the Chair of Scrutiny Councillor Aslam Choudry	

1.0 Summary

1.1 This report provides a summary of the work of the council's Scrutiny Committee in accordance with Standing Order 41. It covers the period since the new Scrutiny structure and Committee was implemented in July 2014. During this period the Scrutiny Committee has been focused on defining its future work programme and providing member briefings on the role of scrutiny.

2.0 Detail

2.1 *Scrutiny Committee*

The Scrutiny Committee has formally met once since it was formed in June 2014. The Committee has also met informally on two other occasions; firstly for training and secondly to plan the Committee's work programme for 2014/15, when Councillor Choudry also provided the context for scrutiny in Brent and its future role.

2.2 *Training*

In July the Scrutiny Committee members attended a training session led by the Centre for Public Scrutiny; this focused on the committee members' legal responsibilities and how to undertake effective scrutiny. Scrutiny training was also offered to all members as part of the Member Development programme, this training focused on engaging local partners and residents and the principles of effective scrutiny.

The rest of the meeting focused on work programme planning and discussion on effective scrutiny approaches.

2.3 *Programme planning*

On Monday 7th July the members of the Scrutiny Committee attended an informal work programme meeting. All members had been invited by the Chair of the Scrutiny Committee to make proposals for items for inclusion in the work programme. A long list of items proposed by members was reviewed by the Committee.

A report on the Scrutiny work programme was delivered by Cathy Tyson – Head of Corporate Policy and Scrutiny, and discussion took place on the items proposed by members. Members were asked to:

- Note the arrangements for the future operation of the Scrutiny Committee
- Agree the proposed process for defining the annual work programme for Scrutiny

Committee members also reviewed the Council Corporate Forward Plan and considered feedback from other members on issues for Scrutiny Committee agendas and task groups.

A copy of the Scrutiny forward plan is attached (Appendix 1)

2.4 *Committee meeting*

The first Committee meeting was held on Wednesday 6th August, the committee received two health items:

1. Brent CCG's assurance process for the closure of the A&E unit at Central Middlesex Hospital and changes to related services to ensure a high quality of health care is accessible to all Brent residents.
2. Brent CCG's plans to transform the way health care is provided in Brent. The context for this proposal is the need to deliver care at a reduced cost while still achieving better patient outcomes. The plans are reflected in the CCG's five year draft strategy which is intended to put in place more integrated and locally available services and reduce dependence on acute services.

The Committee also heard a 'Call in' request – Decisions made by the Cabinet on 21 July 2014 in respect to 'Changes to Recycling and Green Waste Collection' were called in for consideration by the Scrutiny Committee in accordance with Standing Orders. The meeting was attended by Councillor Perrin (Lead Member) Sue Harper – Strategic Director of Environment and Neighbourhoods and Chris Whyte, Head of Recycling and Waste. The Committee agreed that the decisions should stand, with an update from the Head of Service in 9 months to the Scrutiny Committee.

The Committee also agreed two areas for task group work:

- Promoting electoral engagement - proposed scope and terms of reference
- Budget scrutiny task group – proposed scope and terms of reference

Since the meeting on 6th August the membership for the proposed task groups has been agreed and planning of the task groups' activities have started. The task groups will be meeting over the coming weeks with the aim of reporting back to the Scrutiny Committee within the next three months.

The next meeting of the Scrutiny Committee will take place on Tuesday 9th September 2014. This meeting will be considering parking services and the report from the Care Quality Commission on the quality of care provided by Northwick Park Hospital.

Contact Officer

Cathy Tyson
Head of Policy and Scrutiny
cathy.tyson@brent.gov.uk
0208 937 1045

BEN SPINKS
Assistant Chief Executive

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**Scrutiny Committee
Forward Plan 2014/15**

Date of Committee	Agenda items	Responsible officers
Tuesday 9 September 2014	<ul style="list-style-type: none"> • Parking service - Residents' permits, scratch cards, CPZ, impact on high street businesses and customer contact. • Northwick Park Hospital – Care Quality Commission Quality Report • Agree task group scope. <ul style="list-style-type: none"> - Use of the pupil premium in Brent schools 	<p>Sue Harper, Strategic Director of Environment and Neighbourhoods</p> <p>Cathy Tyson, Head of Policy and Scrutiny</p>
Wednesday 1 October 2014	<ul style="list-style-type: none"> • Local Safeguarding Children's Board Annual Report • School places strategy – Cabinet report • Children's centres – Cabinet report <p>Agree scope</p> <ul style="list-style-type: none"> • Health Task group – subject to be confirmed 	<p>Gail Tolley, Strategic Director Children and Young People</p> <p>Cathy Tyson, Head of Policy and Scrutiny</p>

Date of Committee	Agenda items	Responsible officers
Monday 3 November 2014	<ul style="list-style-type: none"> • Promoting Electoral Engagement – report from task group • Implementation of Diabetes recommendations follow-up • Implementation of child oral health actions follow - up 	Cathy Tyson, Head of Policy and Scrutiny and task group.
Wednesday 26 November 2014	<ul style="list-style-type: none"> • Borough Plan, proposals for partnership structures and community engagement activities. • Update from Budget Scrutiny Panel 	Christine Gilbert, Interim Chief Executive. Chair of Budget Panel
Tuesday 6 January 2015	<ul style="list-style-type: none"> • Safer Brent Partnership – update on progress. • Update from Budget Scrutiny Panel 	Borough Commander Met Police Christine Gilbert, Chair of Safer Brent Partnership Chris Williams, Head of Community Safety.
Tuesday 10 February 2015	<ul style="list-style-type: none"> • Education Commission – 6 month update on implementation of Action Plan • Use of Pupil Premium – Task group report 	Gail Tolley, Strategic Director Children and Young People Chair of task groups Cathy Tyson, Head of Policy and Scrutiny

Date of Committee	Agenda items	Responsible officers
Wednesday 11 March 2015		
Thursday 30 April 2015		
Tuesday 16 June 2015		
Wednesday 8 July 2015		

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 Brent	<p style="text-align: center;">Council 8 September 2014</p> <p style="text-align: center;">Report from the Director of Legal and Procurement</p>
<p>For Action Wards affected: ALL</p>	
<p>Members Allowances</p>	

1.0 Summary

- 1.1 The Council is required to review allowances to elected Members on a regular basis and is required to take account the recommendations of the Independent Remuneration Panel for London (prepared by London Councils), which reported in June 2014. The report also takes into account the updated guidance and the 2003 regulations produced under the Local Government and Housing Act 1989 and the Local Government Act 2000.

2.0 Recommendations

Members are asked to

- 2.1 Agree the proposed Members Allowance Scheme attached as Appendix 1,
- 2.2 Agree that any additional payments for Members' allowances and special responsibility allowances arising from the new scheme take effect from 1st June 2014,
- 2.3 Agree which is to be the Principal Opposition Group for the purposes of Appendix 1.

3.0 Detail

- 3.1 This review is the first significant consideration of the Members' Allowances for over 4 years and, and following the Local Elections in May 2014, a number of changes to update the Brent scheme were needed to make the scheme fit for purpose.

The proposals take into account the recommendations from the Remuneration Panel for London. This is the Independent Panel that reported in June 2014 from London Councils chaired by Sir Rodney Brooke. The report is attached as Appendix 2.

The legislation requires that a report is prepared through an independent panel, and London has the benefit of a panel that covers all London Boroughs. The panel concurred with the Councillors Commission appointed by the Government that *'Allowances should be set at a level that enables people to undertake the role of Councillor'* and whilst being *'important that there should not be a financial incentive to be a councillor there should not be a financial disincentive'*. The panel emphasised *'the importance of local democracy and the role of councillors within it'*.

The panel report highlighted, that since April 2013, London Boroughs had assumed the major new responsibility for health and wellbeing. The report also noted that the current financial challenges for local authorities and demand for social care, *'increases the demands made on elected members'*.

- 3.2 The basic allowance in Brent is one of the lowest across London, and the recommendation is to increase the allowance to £10,000. This is still lower than the basic rate that is recommended by the panel. Given the financial climate and the budget challenges for Brent, this report is not recommending increasing all the allowances in line with the panel's recommendations. The allowances will be managed within the current budget for member services.

The Panel recognised the difficulty in increasing allowances for Councillors given the current financial austerity. However the Panel stated that, in the future, it hoped that London Authorities would be able to increase allowances in line fully with their recommendations.

- 3.3 In respect of Special Responsibility Allowances (SRA), it should be recognised that Brent only pays one SRA for each member entitled to receive one.

A number of changes are recommended and the following points are made:

- i) In respect of the Cabinet, the number of Members in the Cabinet has reduced by two and the proposal is that the budget allocated to these positions is distributed between the Members of the Cabinet. This will not increase the cost to the Council of the Cabinet. The allowances would still remain below those identified in the panel recommendations.

The panel noted that as part of the consultation with Boroughs there was consensus that the Borough Leader's Allowances should be on a comparator with MP's salaries. What is recommended continues to be below that level but the increase in allowance for individual members of the Cabinet recognises the additional responsibilities of Cabinet members.

The Chairs of both the Health and Wellbeing Board, and the Corporate Parenting Committee are Cabinet members, thus requiring no extra SRA to be paid.

- ii) There has been a reduction in the number of overview and scrutiny committees. In establishing one, major, co-ordinating Scrutiny Committee, in recognition of the importance of scrutiny, and in line with the panel's recommendations, the allowance for chairing the Scrutiny Committee will be increased to a little below that of Cabinet members. An allowance is to be created for the Vice Chair (who is to be from the principal Opposition Group) and an allowance for membership of the Scrutiny Committee. This acknowledges the increased importance of the scrutiny function, and the frequency of meetings.
- iii) Currently, a review of the consultative forums and Brent Connects meetings is underway. This may include a change in the number of forums and, perhaps, the chairing arrangements. The review is due to start in September and until it is concluded, it is not proposed to review the allowances for chairing these meetings.
- iv) It is proposed to reduce the number of allowances for the Opposition Group Leaders to one for the principal Opposition Group, and to have one further allowance for the principal Opposition Group. This is in addition to the role of Vice Chair, Scrutiny Committee. It is proposed that the other allowances are deleted. Currently there are two opposition groups: the Conservative Group and the Brondesbury Park Conservative Group who each have three members. In accordance with the proposals in Appendix 1, the Council needs to determine which of the two opposition groups is considered to be the principal Opposition Group for the purposes of the allowance scheme.
- v) It is proposed to add two allowances for Deputy Whips for the majority group. These take into account the changes in numbers for the Majority Group, following the election in May.
- vi) A small increase is proposed for the Mayor and Deputy Mayor in recognition of the importance and workload related to these civic roles.
- vii) The Regulations authorise the payments to Councillors of a Dependant Carers Allowance which has not been utilised previously at Brent. The panel received representations that an allowance, if paid, should not be less than the living wage. The panel stated 'they strongly believed' a dependant carers allowance should be paid to enable a wide range of people to serve on the Council. It is proposed to change the allowance scheme to allow for a Dependant Carers allowance in accordance with the recommendations of the panel.
- viii) It is proposed that following these changes, and in acknowledgement of the increases made to the allowances within the scheme, that the travel allowance and other expenses currently provided for within the scheme be deleted.

4.0 Financial Implications

- 4.1 The scheme proposed for basic and special responsibility allowances has been compared to the recommended scheme from the Independent Remuneration Panel for London. This suggests a basic level of allowance for all councillors and proposes an allowance for councils, such as Brent, that have adopted the 'strong leader and Cabinet' form of governance. It also sets out ranges of proposed allowances for special responsibilities, grading these from level one, for example membership of the licensing committee, to level three, for example Cabinet membership. In each case an upper and lower level of allowance proposed is set out.

Brent's proposed scheme will provide for allowances to be paid worth approximately £180,000 less than those that would be paid if the council had adopted the independently recommended scheme at the lower end of each banding.

Brent's proposed scheme will provide for allowances to be paid worth approximately £570,000 less than those that would be paid if the council had adopted the independently recommended scheme at the higher end of each banding.

The allowances will be met out of Member Services budget which cover Members Learning and Development, Expenses and Allowances.

5.0 Legal Implications

- 5.1 The Allowance scheme is in accord with the Local Authorities (Members Allowances) Regulations 2003, Local Government Housing Act 1989 and the Local Government Act 2000.

6.0 Diversity Implications

- 6.1 The inclusion of Dependant Carers allowance will enable a wider range of members to fully participate as councillors. The scheme dovetails with the authority's responsibilities under the Equality Act and ensures that relevant provision is made for members in accordance with the authority's duties.

Background Papers

The Remuneration of Councillors in London 2014 – report of the independent panel
Brent's existing constitution

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Appendix 1

PART 8

MEMBERS ALLOWANCE SCHEME

The London Borough of Brent, in exercise of the powers conferred by the Local Authorities (Members' Allowances) (England) Regulations 2003 and the Local Government Act 1972 hereby makes the following Scheme.

Introduction

1. This is The London Borough of Brent Members' Allowances Scheme. The allowances in Schedule 1 shall become effective from ~~4th December 2003~~ 4th June 2014 and will continue (subject to paragraph 10) until a further decision of the Council.

Interpretation

In this Scheme:

"Councillor" means a member of the London Borough of Brent who is a Councillor.

"Year" means a period of 12 months ended 31 March.

"Week-day" means a day between Monday and Friday (inclusive).

Basic Allowance

2. For each year a basic allowance as set out in Schedule 1 of this Scheme shall be paid to each Councillor.

Special Responsibility Allowances

3. (1) For each year, a Special Responsibility Allowance shall be paid to those Councillors who have the Special Responsibilities in relation to the authority that are specified in Schedule 1 of this Scheme.
- (2) The amount of each such Allowance shall be the amount specified against that Special Responsibility in Schedule 1.
- (3) No member shall receive more than one Special Responsibility Allowance.

Allowances for voting co-opted members and the independent members on Standards Committee and Audit Committee

4. For each year an allowance as set out in Schedule 1 of this Scheme shall be paid to the education voting co-opted members and the Independent members on the Standards Committee and Audit Committee.

~~Travel Allowances~~

- ~~5. (1) A travel allowance may be claimed by a councillor or voting co-opted member or an independent member in respect of the cost of travel to or from a meeting or conference or other similar event (together referred to as a "meeting" for the purposes of this Scheme) provided that:~~
 - ~~(a) the meeting is of a type specified in the regulations (an extract of which is reproduced for information purposes only at Schedule 2 to the Scheme);~~
 - ~~(b) the allowance will be for reimbursement only of the reasonable costs of standard class travel;~~

~~(c) — an allowance can only be claimed for travel outside of the borough;
 (d) — approval of the claim is sought from the Mayor's Office Manager prior to the meeting; and~~

~~(e) — no allowance may be claimed for travel to any meeting of the Council or a meeting of a committee or sub-committee of the Council (other than a joint committee).~~

~~Claims for car mileage or travel by bicycle shall be made in accordance with the scheme that is in place from time to time for officers~~

6. Dependants' Carers' Allowance

A dependants' carers' allowance may be claimed by a councillor in respect of such expenses of arranging for the care of their children or dependants as are necessarily incurred in the attendance at meetings or the performance of functions of a type specified in Schedule 2 provided that

i) the allowance will be for reimbursement only of the reasonable costs of such care which shall be equal to the hourly rate of the London Living Wage (unless special care is required and approved?)

ii) approval of the claim is sought from the ~~Mayor's Office Manager prior to the meeting;~~ Head of Executive and Member Services prior to the meeting.

Civic dignitaries

6. In accordance with the necessary tax dispensation, for each year the allowances set out in schedule 1 shall be paid to the Mayor and Deputy Mayor to meet the expenses of their office.

Renunciation

7. A Councillor (or voting co-opted or independent member) may, by notice in writing given to the Mayor's Office Manager, elect to forego any part of their entitlement to an allowance under this Scheme.

Part-year Entitlements

8. In so far as this scheme has effect for only part of a year or where, in the course of a year, this Scheme is amended or a Councillor or voting co-opted or independent member becomes or ceases to be a Councillor or voting co-opted or independent member, or accepts or relinquishes a special responsibility in respect of which a Special Responsibility Allowance is payable, the entitlement to such an allowance shall be to such part of the allowance as bears to the whole in the same proportion as the number of days during which their term of office subsists bears to the number of days in that year.

Claims and Payments

9. (1) A claim for travel allowance or dependent carers allowance or voting co-opted or independent members allowance under this Scheme shall be made in writing within two months of the date on which the duty in respect of which the entitlement to the allowance arises.

- (2) Payments shall be made:
- (a) in respect of Basic and Special Responsibility Allowances, subject to Sub-Paragraph (4) below, in instalments of one-twelfth of the amount specified in this Scheme on a day each month as determined by the Mayor's Office Manager.
 - (b) in respect of Mayoral and Deputy Mayoral allowances, in accordance with a scheme for which a tax dispensation has been given.
 - (c) in respect ~~of travel allowances and dependents' carers' allowances,~~ on the day as determined by the ~~Mayor's Office Manager~~Head of Executive and Member Services in respect of claims received up to the last day of the preceding month.
- (3) Where a payment of one-twelfth of the amount specified in this Scheme in respect of a Basic Allowance or a Special Responsibility Allowance would result in the Councillor receiving more or less than the amount to which, by virtue of Paragraph 8, he or she is entitled, the payment shall be such amount as will ensure that no more or no less is paid than the amount to which he or she is entitled.
- (4) A record of all payments made under this Scheme showing recipient, nature and amount shall be maintained and made available for public inspection.
- (5) No member may claim an allowance under this Scheme if he or she is already claiming an allowance from another authority in respect of the same duties
- (6) Where an allowance has already been paid in respect any period during which the person claiming the allowance was not entitled to so claim the Council may recover the amount paid.

Annual Uplift

10. Basic, special and civic allowances payable under this Scheme shall be increased with effect from each April by a percentage equal to the inflation pay award agreed as part of the Local Government Pay Settlement in the previous financial year, unless otherwise determined by the Council. This annual uplift shall cease to apply after 1st October 20148.

Suspension

11. Where a councillor or voting co-opted or independent member is suspended or partially suspended, all member allowances will be withdrawn from that councillor, voting co-opted member or independent member for the period of suspension or partial suspension, including travel or any allowances payable under this scheme.

Pensions

12. (a) The following members of the Council are entitled to pensions in accordance with a members pension scheme:

[none]

- (b) The following allowances shall be treated as amounts in respect of which such pensions are payable:

[none]

SCHEDULE 1

Allowance	Number of Posts	Schedule 1	
		Amount (£)	Total (£)
Basic			
Payable to all councillors	63	10000	630,000
Special Responsibility			
Only one special responsibility allowance will be paid to any one member			
Post			
Leader	1	38,964	38,964
Executive Members			
Deputy Leader	1	28,397	28,397
Other Executive members	6	18,711	112,266
Chair of the Scrutiny Committee	1	14,000	14,000
Vice Chair Scrutiny (Main Opposition Group)	1	5,000	5,000
Chair of Council Committees			
Planning Committee	1	13,208	13,208
Standards Committee	1	2,113	2,113
Co-Chair Youth Parliament	1	2,113	2,113
Chairs of sub-Committees			
Pension Fund sub-Committee	1	2,113	2,113
Chairs of Service User Consultative Forums	5	2,113	10,565
Chairs of Service Area Consultative Forums	5	4,777	23,885
Members of Alcohol and Entertainment Licensing Committee	15	2,113	31,695
Members of Planning Committee	6	3,170	19,020
Members of Scrutiny Committee	6	3,170	19,020
Member of Adoption and Permanency Panel	1	3,170	3,170
Member of Fostering Panel	1	3,170	3,170
Group Leader of the principal Opposition Group or where there is more than one group of the same size such group as the Council shall decide	1	12,658	12,658
One Opposition Group allowance to the Principal Opposition Group	1	2,113	2,113
Group Whip for the majority party where that party exceeds more than 50% of the seats	1	5,473	5,473
Deputy Whips for the majority group	2	2,113	4,226
Mayor	1	9,000	9,000
Deputy Mayor	1	7,000	7,000
Co-opted and Independent Members			
Voting co-opted members	6	220	1,320
Independent members	2	415	830
Non Voting co-opted member of Audit Committee	1	415	415
Audit Committee Chair	1	415	415

SCHEDULE 2

Extract from The Local Authorities (Members Allowances) (England) Regulations 2003

Dependants' carers' allowance

7.-(1) A scheme may provide for the payment to members of an authority of an allowance ("dependants' carers' allowance") in respect of such expenses of arranging for the care of their children or dependants as are necessarily incurred in-

the attendance at a meeting of the authority or of any committee or sub-committee of the authority, or of any other body to which the authority makes appointments or nominations, or of any committee or sub-committee of such a body;

the attendance at any other meeting, the holding of which is authorised by the authority, or a committee or sub-committee of the authority, or a joint committee of the authority and at least one other local authority within the meaning of section 270(1) of the Local Government Act 1972, or a sub-committee of such a joint committee, provided that-

where the authority is divided into two or more political groups it is a meeting to which members of at least two such groups have been invited; or

if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;

the attendance at a meeting of any association of authorities of which the authority is a member;

the attendance at a meeting of the executive or a meeting of any of its committees, where the authority is operating executive arrangements;

the performance of any duty in pursuance of any standing order made under section 135 of the Local Government Act 1972 requiring a member or members to be present while tender documents are opened;

the performance of any duty in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises;

the performance of any duty in connection with arrangements made by the authority for the attendance of pupils at any school approved for the purposes of section 342 (approval of non-maintained special schools) of the Education Act 1996, and

the carrying out of any other duty approved by the authority, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the authority or of any of its committees or sub-committees.

Travelling and subsistence allowance

- ~~8. (1) A scheme may provide for the payment to members of an authority of an allowance in respect of travelling and subsistence ("travelling and subsistence allowance"), including an allowance in respect of travel by bicycle or by any other non-motorised form of transport, undertaken in connection with or relating to such duties as are specified in the scheme and are within one or more of the following categories—~~
- ~~(a) the attendance at a meeting of the authority or of any committee or sub-committee of the authority, or of any other body to which the authority makes appointments or nominations, or of any committee or sub-committee of such a body;~~
 - ~~(b) the attendance at any other meeting, the holding of which is authorised by the authority, or a committee or sub-committee of the authority, or a joint committee of the authority and one or more local authority within the meaning of section 270(1) of the Local Government Act 1972, or a sub-committee of such a joint committee provided that—~~
 - ~~(i) where the authority is divided into two or more political groups it is a meeting to which members of at least two such groups have been invited, or~~
 - ~~(ii) if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;~~
 - ~~(c) the attendance at a meeting of any association of authorities of which the authority is a member;~~
 - ~~(d) the attendance at a meeting of the executive or a meeting of any of its committees, where the authority is operating executive arrangements;~~
 - ~~(e) the performance of any duty in pursuance of any standing order made under section 135 of the Local Government Act 1972 requiring a member or members to be present while tender documents are opened;~~
 - ~~(f) the performance of any duty in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorize the inspection of premises;~~
 - ~~(g) the performance of any duty in connection with arrangements made by the authority for the attendance of pupils at any school approved for the purposes of section 342 (approval of non-maintained special schools) of the Education Act 1996, and~~
 - ~~(h) the carrying out of any other duty approved by the authority, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the authority or of any of its committees or sub-committees.~~

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The Remuneration of Councillors in London 2014

Report of the Independent Panel



Introduction

The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now London Councils) of an independent remuneration panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a panel ('the Panel') was established and reported in 2001, 2003, 2006 and 2010. It has been re-constituted and now comprises Sir Rodney Brooke CBE DL (Chair), Steve Bundred and Anne Watts CBE.

The Regulations require a review of the scheme every four years as a minimum. The current Panel has therefore completed a review of remuneration for councillors in London. We present our findings and recommendations in this report.

As a preparation for our work, we invited all London boroughs to give their views on the operation of the existing scheme. We also invited comments from the Leaders' Committee of London Councils. We are grateful for the feedback, which confirms that the existing London scheme of members' allowances is still fit for purpose. We make recommendations accordingly.

The role of elected members

In our previous reports we reflected on the importance of the role of elected members. We repeat at Appendix B the job profile for councillors which we included in our 2010 report. In that report, we quoted the Government-appointed Councillors' Commission. The Commission took the view (which we continue to share) that: 'Allowances should be set at a level that enables people to undertake the role of councillor while not acting as an incentive to do so. Allowances are not shown by polls to be something which influences councillors to take on the role, though they are instrumental in making it possible for some people to do so. If it is important that there are no financial incentives to being a councillor, it is equally important that there should not be a financial disincentive.'

It is clearly desirable that service as a councillor is not confined to those with independent means. We do not repeat the arguments for appropriate remuneration for councillors which we have set out in our previous reports. We believe them to be self-evident. But we do repeat our belief in the importance of local democracy and the role of councillors within it. Each London Borough is responsible for services crucial to its residents. Each is responsible for a revenue budget of between £1.3bn and £3.3bn.

The responsibilities placed on local authorities continue to increase. The Localism Act 2011 devolved services to the boroughs, though, it was complained, without the resources to discharge them. From April 2013 London boroughs assumed the major new responsibility for health and wellbeing. Financial austerity brings substantial and further challenges to councillors: local authorities are required to make substantial cuts in their spending. Changes to the welfare system (particularly acute in London) give residual discretionary powers to local authorities. Councillors are faced with unenviable choices. Demand for local authority services continues to grow. In particular, there is exponential growth in the number of old people and a corresponding increase in demand for social care. The strain on and competition for resources increase the demands made on elected members.

Pensions

In the Panel's first report we recommended that councillors should be eligible for pensions. Councillors are often retired and currently have an average age of 60. It is increasingly desirable to attract a younger cohort of people to serve on councils. Access to a pension scheme is one way of achieving this. Councillors – especially those with lead responsibilities – must surrender earning potential elsewhere, earning potential which would normally be pensionable. It seems perfectly reasonable that allowances attracted by service as a councillor should be pensionable.

The Government agreed with this view and the Regulations introduced the potential for councillors' allowances to be pensionable upon the recommendation of the relevant Independent Panel. Accordingly the Panel recommended that all London borough councillors under the age of 75 be eligible to join the local government pension scheme. Twenty two of the 32 London boroughs have accepted that recommendation.

In March 2014 the Government laid before Parliament Regulations which would end the right of councillors to enter the local government pension scheme. These Regulations would extend not only to councillors but also to elected mayors (including the Mayor of London) and members of the Greater London Assembly, though Police and Crime Commissioners would retain their right of access to the pension scheme.

Councillor Sir Merrick Cockell, Chairman of the Local Government Association and Chair of London Councils from 2006 until 2010, responded: 'The government's decision isn't about saving money, it is fundamentally about undermining the role of a councillor and undermining the role of local democracy'. He added: 'Fair remuneration is important so that people from all walks of life can afford to stand for office. Otherwise we risk local government becoming the exclusive preserve of a privileged few who have the luxury of time and money to spare.' His remarks were endorsed by Cllr Gary Porter, Leader of the Local Government Association's Conservative Group, who pointed out that 'councillors are spending more time supporting their constituents and working with external organisations such as GPs, schools, police, local businesses and voluntary organisations. Secondly, recruitment and retention is becoming increasingly difficult... the commitment involved can be a deterrent when set against a possible loss of earnings and a potentially negative effect on their careers.'

We believe that access to a pension scheme can be an important factor in making service as a councillor financially possible for a wider range of people. It is particularly important for those who, like elected mayors, leaders and portfolio holders, give most or all of their time to service in local government and lose the opportunity to contribute to a pension scheme elsewhere. We would very much like the Government to reconsider this decision.

The current financial and political climate

Our 2010 report made no recommendations for increasing the levels of members' allowances other than continuing provision for annual adjustments in accordance with the annual local government pay settlement. As the Government-appointed Councillors' Commission pointed out in their 2007 report, the recommendations of the London Panel had led to substantial convergence of members' allowances across London. Indeed, the Councillors' Commission recommended a similar system for the country as a whole. Following our recommendations, there is now considerable congruity in the basic allowance made by London boroughs. However, most London boroughs have not adopted our recommendations in their entirety.

Our recommended allowances are tied to the annual local government pay settlement. Because of the current financial climate, the local government pay settlement has been frozen in three of the last four years. In 2013/14 there was a 1% pay award. Acutely sensitive to the current financial austerity, only two boroughs increased members' allowances by that percentage. Indeed nine boroughs have reduced members' allowances since the date of our last report.

We are acutely aware that now is not the time to increase allowances made to councillors, though we continue to recommend that members' allowances be pegged to the annual local government pay settlement. Such pegging will ensure that councillors can receive annual increases which are in line with those received by staff. We fully accept that, in the current financial climate, it would be entirely inappropriate to increase members' allowances (beyond the annual updating). Nevertheless we hope that in the longer term the financial situation will permit further convergence of members' allowances around our recommendations. We continue to believe that the scheme we propose is sufficiently flexible to accommodate the different political management arrangements of different London boroughs. Our view is confirmed by the general response from the London boroughs.

Consultation with the boroughs

Level of allowances

In our consultation with the London boroughs we asked a number of questions. We enquired whether it was believed that the salary of an MP remains a sound comparator to fix the remuneration of a borough leader. [Our recommendations for other special responsibility allowances are related to that recommended for Leaders.] Members of Parliament currently receive a salary of £66,396, now rather more than our updated recommendation for the allowance for Leaders.

Though there was dissent from one Borough, another asserted that the Leader's allowance should reflect the total remuneration package paid to Members of Parliament. A different borough pointed out that whereas a Member of Parliament represented an electorate of 70,000 people, a leader was responsible for the delivery of a wide range of services to a population of 300,000 – an electorate of 220,000 across an area three times as large as a parliamentary constituency. Indeed, 'it is arguable that the responsibilities of some cabinet portfolio holders are greater than the local responsibilities of an MP' but 'on balance the salary of an MP is about as sound a comparator as is likely to be found'.

In considering the responses, we also took into account the remuneration payable to chairs and members of other public bodies. We continue to believe that the allowances we have recommended are suitable. In particular, we think it appropriate that Leaders should receive an allowance approximating to the salary of a Member of Parliament.

External paid appointments

There has been some controversy over councillors accepting paid appointments in other public bodies, given their cumulative remuneration. We asked the boroughs whether allowances should be adjusted to take into account external payments from other public bodies. One authority thought it reasonable to 'consider the balance of benefit to the local area before determining whether 'home' remuneration should be reduced accordingly'. Other boroughs disagreed.

We believe that if members take on extra work and responsibilities through undertaking external appointments, then they should be entitled to retain the remuneration attracted by those responsibilities. Of course the borough might reflect on the extent to which the external duties are compatible with the time required to discharge duties within the borough and adjust responsibilities accordingly.

Chair of the Health and Wellbeing Board

These new bodies govern commissioning decisions across health, public health and social care. They must develop with commissioning groups a shared understanding of the health and wellbeing needs of the community. They must undertake a Joint Strategic Needs Assessment and develop a joint strategy for how these needs can be best addressed. This will include recommendations for joint commissioning and integrating services across health and social care. The Boards must drive local commissioning of health care, social care and public health and create a more effective and responsive local health and care system. They must also address other services that impact on health and wellbeing such as housing and education.

It was recommended to us that the Chair of the Health and Wellbeing Board should receive a special responsibility allowance in Band Three, that designed for Cabinet members. We entirely agree: this is a statutory post conferring personal statutory responsibility. The role is of major importance to local government and should be remunerated accordingly where they are councillors. In practice we imagine that Chairs of Health and Wellbeing Boards will be members of the Cabinet and have been remunerated within Band Three since their creation.

Lead Member for Children's and Adult Services

It was suggested to us that the Lead Member for Children's Services should receive a special responsibility allowance higher than other Cabinet Members: 'The enhanced duty of safeguarding for the role of lead member for Children's Services and the time required to fulfil it makes the post a special case for an enhanced banding between the current bands three and four.'

We well understand the heavy responsibility on the lead member for Children's services and the consequences of any failure in the system. We are entirely sympathetic to the view that the responsibility might warrant a higher special responsibility allowance than other Cabinet members. In our 2010 report we specifically contemplated the different weight of responsibilities of different portfolios and suggested that they might justify different allowances. Our recommended Band Three for Cabinet Members has a range of over £6,000 and we believe that this is sufficient to enable boroughs to differentiate between the different weights of portfolios should they so decide.

It has also been suggested to us that the lead member responsible for adult safeguarding has a degree of responsibility equal to that of the lead member for children's services. We are not convinced of the comparison.

Given the different allocation of responsibilities in different boroughs, we do not make specific recommendations on differentiating special responsibility allowances for Cabinet members within Band Three.

Dependants' Carers' Allowance

The Regulations authorise the payment to councillors of an allowance ('the Dependants' Carers' Allowance') in respect of the expenses of arranging for the care of children or dependants when the councillor attends meetings or is engaged in other official duties. We received representations that the Allowance should be not less than the living wage.

We strongly believe that the boroughs should make a dependants' carers' allowance available to their members. Access to a dependants' carers' allowances can make it possible for a wider range of people to serve on their councils. Specifically by payment of dependants' carers' allowance, boroughs can attract some who would not normally expect to become councillors. 26 of the 32 boroughs provide in their allowances scheme for payment of dependants' carers' allowances. In those boroughs which do make a payment, allowances vary from £5.27 to £9.26 per hour (in one case £15 per hour for specialised care).

We recognise the need for payments to pay regard to local circumstances and the nature of specialist care. We believe that ordinary care should be remunerated at not less than the London living wage of £8.60 per hour; and (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required.

Sickness, maternity and paternity leave

This issue has again been raised with us. We adhere to our recommendations in the 2006 report, repeated in 2010, namely that councils should make arrangements in their members' allowances schemes to allow the continuance of special responsibility allowances in the case of sickness, maternity and paternity leave in the same terms that the council's employees enjoy such benefits (that is to say, they follow the same policies).

Members of social care and health scrutiny panels and corporate parenting panel

One borough suggested that service on the Social Care and Health Scrutiny Panels and the Corporate Parenting Panel should be placed within Band One because of the risk profile of those roles.

We continue to recommend that the responsibility allowance payable under Band One should include membership of committees, sub-committees and adoption panels where membership requires attendance with exceptional frequency or for exceptionally long periods. If a Council believes that such memberships are substantially more onerous than service on other committees, then we agree that they would be appropriately remunerated on Band One.

Travel and subsistence allowances

We have been asked to give advice on travel and subsistence allowances. We continue to believe that the Basic Allowance should cover all reasonable out-of-pocket expenses incurred by councillors, including intra-borough travel costs and expenses, though councils may consider that there are circumstances where it may be appropriate for a scheme to provide payment for the cost of transport, e.g. journeys home after late meetings, and for people with disabilities. We also continue to believe that, where travel and subsistence allowances are payable, they should be in accordance with the current scheme for travel and subsistence applicable to the Borough's staff; and that travel allowances should extend to travel by bicycle.

Update for inflation

We continue to recommend that the allowances we recommend should be updated annually in accordance with the headline figure in the annual local government pay settlement.

Sir Rodney Brooke CBE DL

Steve Bundred

Anne Watts CBE

London
1 June 2014

Appendix A

Basic allowance £10,703

Special responsibilities – beyond the basic allowance

The case for special allowances

The reasons for payment of additional special responsibility allowances should be clearly set out in local allowances schemes. Special allowances should come into play only in positions where there are significant differences in the time requirements and levels of responsibility from those generally expected of a councillor.

Calculation of special allowances

The proposed amounts for each band are a percentage of the figure suggested for a council leader depending upon levels of responsibility of the roles undertaken and are explained below. We believe that the SRA, which the previous panel recommended for the leader of a London council (updated), continues to be appropriate.

Categories of special allowances

The regulations specify the following categories of responsibility for which special responsibility allowances may be paid:

- Members of the executive where the authority is operating executive arrangements
- Acting as leader or deputy leader of a political group within the authority
- Presiding at meetings of a committee or sub-committee of the authority, or a joint committee of the authority and one or more other authorities, or a sub-committee of such a joint committee
- Representing the authority at meetings of, or arranged by, any other body
- Membership of a committee or sub-committee of the authority which meets with exceptional frequency or for exceptionally long periods
- Acting as spokesperson of a political group on a committee or sub-committee of the authority
- Membership of an adoption panel
- Membership of a licensing or regulatory committee
- Such other activities in relation to the discharge of the authority's functions as require of the member an amount of time and effort equal to or greater than would be required of him by any one of the activities mentioned above, whether or not that activity is specified in the scheme.

Local discretion

It is for the councils locally to decide how to allocate their councillors between the different bands, having regard to our recommendations and how to set the specific remuneration within the band. They must have regard to our recommendations. We believe these should have the merits of being easy to apply, easy to adapt, easy to explain and understand, and easy to administer.

BAND ONE

The posts we envisage falling within band one include:

- Vice chair of a service, regulatory or scrutiny committee
- Chair of sub-committee
- Leader of second or smaller opposition group
- Service spokesperson for first opposition group
- Group secretary (or equivalent) of majority group
- First opposition group whip (in respect of council business)
- Vice chair of council business
- Chairs, vice chairs, area committees and forums or community leaders
- Cabinet assistant
- Leadership of a strategic major topic
- Acting as a member of a committee or sub-committee which meets with exceptional frequency or for exceptionally long periods
- Acting as a member of an adoption panel where membership requires attendance with exceptional frequency or for exceptionally long periods
- Leadership of a specific major project.

Remuneration

We propose that band one special responsibility allowances should be on a sliding scale of between 20 – 30 per cent of the remuneration package for a council leader.

This would be made up as follows:

Basic allowance: £10,703

Band one allowance: £2,392 to £8,941

Total: £13,095 to £19,644

BAND TWO

The types of office we contemplate being within band two are:

- Lead member in scrutiny arrangements, such as chair of a scrutiny panel
- Representative on key outside body
- Chair of major regulatory committee e.g. planning
- Chair of council business (civic mayor)
- Leader of principal opposition group
- Majority party chief whip (in respect of council business).

Remuneration

We propose that band two allowances should be on a sliding scale between 40 – 60 per cent, pro rata of the remuneration package for a council leader.

This is made up as follows:

Basic allowance £10,703

Band two allowances: £15,486 to £28,581

Total: £26,189 to £39,284

BAND THREE

We see this band as appropriate to the following posts:

- Cabinet member
- Chair of the Health and Wellbeing Board
- Chair of the main overview or scrutiny committee
- Deputy leader of the council

Remuneration:

We propose that band three allowances should be between 70 – 80 per cent pro rata of the remuneration package for a council leader.

This is made up as follows:

Basic allowance: £10,703

Band three allowance: £35,128 to £41,675

Total: £45,831 to £52,378

BAND FOUR

Leader of cabinet, including a strong leader.

This is a full-time job, involving a high level of responsibility and now includes the exercise of executive responsibilities. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, while still retaining a reflection of the voluntary character of public service.

Remuneration:

We propose that the remuneration package for a council leader under band four of our scheme should be £64,824.

This is made up as follows:

Basic allowance: £10,703

Band four allowance: £54,769

Total: £65,472

BAND FIVE

Directly elected mayor

A directly elected mayor is a full-time job with a high level of responsibility and exercises executive responsibilities over a fixed electoral cycle. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, while still retaining a reflection of the voluntary character of public service. However we believe this post remains different to that of the strong leader with cabinet model. The directly elected mayor is directly elected by the electorate as a whole. The strong leader holds office at the pleasure of the council and can be removed by the council. We believe that the distinction is paramount and this should be reflected in the salary level.

Remuneration:

We propose that a band five directly elected mayor should receive a remuneration package of 25 per cent higher than that recommended for a council leader and that it should be a salary set at **£81,839**.

Appendix B

On behalf of the community – a job profile for councillors

Purposes:

1. To participate constructively in the good governance of the area.
2. To contribute actively to the formation and scrutiny of the authority's policies, budget, strategies and service delivery.
3. To represent effectively the interests of the ward for which the councillor was elected, and deal with constituents' enquiries and representations.
4. To champion the causes which best relate to the interests and sustainability of the community and campaign for the improvement of the quality of life of the community in terms of equity, economy and environment.
5. To represent the council on an outside body, such as a charitable trust or neighbourhood association.

Key Tasks:

1. To fulfil the statutory and local determined requirements of an elected member of a local authority and the authority itself, including compliance with all relevant codes of conduct, and participation in those decisions and activities reserved to the full council (forexample, setting budgets, overall priorities, strategy).
2. To participate effectively as a member of any committee or panel to which the councillor is appointed, including related responsibilities for the services falling within the committee's (or panel's) terms of reference, human resource issues, staff appointments, fees and charges, and liaison with other public bodies to promote better understanding and partnership working.
3. To participate in the activities of an outside body to which the councillor is appointed, providing two-way communication between the organisations. Also, for the same purpose, to develop and maintain a working knowledge of the authority's policies and practices in relation to that body and of the community's needs and aspirations in respect of that body's role and functions.
4. To participate in the scrutiny or performance review of the services of the authority, including where the authority so decides, the scrutiny of policies and budget, and their effectiveness in achieving the strategic objectives of the authority.
5. To participate, as appointed, in the area and in service-based consultative processes with the community and with other organisations.
6. To represent the authority to the community, and the community to the authority, through the various forums available.
7. To develop and maintain a working knowledge of the authority's services, management arrangements, powers/duties, and constraints, and to develop good working relationships with relevant officers of the authority.
8. To develop and maintain a working knowledge of the organisations, services, activities and other factors which impact upon the community's well-being and identity.
9. To contribute constructively to open government and democratic renewal through active encouragement of the community to participate generally in the government of the area.
10. To participate in the activities of any political group of which the councillor is a member.
11. To undertake necessary training and development programmes as agreed by the authority.
12. To be accountable for his/her actions and to report regularly on them in accessible and transparent ways.


Appendix C

The independent panel members

Sir Rodney Brooke has a long career in local government, including as chief executive of West Yorkshire County Council, Westminster City Council and the Association of Metropolitan Authorities. He was knighted in 2007 for his contribution to public service and is currently chairman of the Quality Assurance Agency for Higher Education.

Steve Bundred was chairman of Monitor, chief executive of the Audit Commission and chief executive of the London Borough of Camden.

Anne Watts CBE has an extensive career in equality and diversity that spans the private, voluntary and public sectors with organisations including the Open University, the Commission for Equality and Human Rights and Business in the Community. She chaired the NHS Appointments Commission.

 Brent	Council 8 September 2014 Report from the Chief Finance Officer
Wards Affected: ALL	
2013/14 Treasury Management Outturn Report	

1. INTRODUCTION

- 1.1 This report updates members on Treasury Management activity and confirms that the Council has complied with its Prudential Indicators for 2013/14.

2. RECOMMENDATION

- 2.1 The Council considers the 2013/14 Treasury Management outturn report, which has been presented to the Audit Committee and the Cabinet.

3. BACKGROUND

- 3.1 The Council's treasury management activity is underpinned by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Treasury Management ("the Code"), which requires authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year.
- 3.2 This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Investment Guidance. The report was considered by the Audit Committee on 26 June 2014 and the Cabinet on 21 July 2014.
- 3.3 The Council has borrowed money over the long term to support investment in the Council's infrastructure and also invests balances held for short periods. It is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

Economic background

- 3.4 The recovery in the UK surprised with strong economic activity and growth. Q4 2014 GDP showed year-on-year growth of 2.7%. Much of the improvement was down to the dominant service sector, and an increase in household consumption buoyed by the pick-up in housing transactions which were driven by higher consumer confidence, greater availability of credit and strengthening house prices which were partly boosted by government initiatives such as Help-to-Buy. However, business investment had yet to recover convincingly and the recovery was not accompanied by meaningful productivity growth. CPI fell from 2.8% in March 2013 to 1.7% in February 2014, the lowest rate since October 2009, helped largely by the easing commodity prices and discounting by retailers, reducing the pressure on the Bank to raise rates. Although the fall in unemployment (down from 7.8% in March 2013 to 6.6% in April 2014) was faster than the Bank of England had forecast, the real level of unemployment, and therefore the amount of excess capacity, remains uncertain making it difficult to be confident how much inflationary pressure is in the economy.
- 3.5 At present it is difficult to be confident that present levels of growth can be sustained due to:
- The Federal Reserve's then Chairman Ben Bernanke's announcement in May 2013 that the Fed's quantitative easing (QE) programme may be 'tapered'
 - the Eurozone struggling to show sustainable growth
 - uncertainty arising from the situation in the Ukraine and the Middle East
 - evidence of strains to the Chinese economy

Gilt Yields and Money Market Rates

- 3.6 Gilt yields (the rate of interest on UK government borrowing) ended the year higher than in April 2013. The peak in yields was during autumn 2013. The biggest increase was in 5-year gilt yields which increased by nearly 1.3% from 0.70% to 1.97%. 10-year gilt yields rose by nearly 1% ending the year at 2.73%. The increase was less pronounced for longer dated gilts; 20-year yields rose from 2.74% to 3.37% and 50-year yields rose from 3.23% to 3.44%.
- 3.7 Interest rates on short term inter-bank lending remained below 1% through the year.

The Borrowing Requirement and Debt Management

- 3.8 The table below summarises the Council's borrowing activity during 2013/14. The Council's underlying need to borrow as measured by the Capital Financing Requirement (CFR) at 31/03/2014 was £582 million.

	Balance 01/04/2013 (£m)	New Borrowing (£m)	Borrowing Repaid (£m)	Balance 31/03/2014 (£m)	Average Rate (%)	Average Life (Years)
CFR	591			582		
Short Term Borrowing	0	422	422	0	0	
Long Term Borrowing	432	0	4	428	4.68	37.8
TOTAL BORROWING	432	422	426	428	4.68	37.8

- 3.9 At 1 April 2013 the Council had £432 million of long-term borrowing, to finance its previous years' capital programmes. With short-term interest rates being much lower than long-term rates, it was more cost effective in the short-term to use internal

resources and borrow on a short-term basis (mainly from other local authorities), rather than undertake further long-term borrowing. By doing so, the Council has been able to reduce net borrowing costs and reduced overall treasury risk.

3.10 The Treasury Management Strategy approved by the Council in March 2014 includes provision for borrowing to progress towards CFR over a period of 2 – 3 years. The rate of progress will depend on the perceived risks of lending surplus cash, the Council’s cash flow and the prospective path of interest rates.

3.11 No debt was restructured during the year and no lenders exercised options to vary the terms of loans on LOBO (Lender Option, Borrower Option) terms.

Investment Activity

3.12 Both CIPFA and the CLG Investment Guidance require the Council to invest prudently and have regard to the security and liquidity of investments before seeking the optimum yield. The table below summarises investment activity during 2013/14.

Investments	Balance on 01/04/2013 (£m)	Investments made (£m)	Investments repaid (£m)	Balance on 31/03/2014 (£m)	Average Rate (%)
Fixed Term Deposits	48	136	122	62	0.7
Market Funds	17	550	518	49	0.4
TOTAL INVESTMENTS	65	686	640	111	0.6

3.11 Security of capital remained the Council’s main investment objective. This was maintained by following the Council’s counterparty policy as set out in its Treasury Management Strategy Statement for 2013/14 which defined “high credit quality organisations” as those having a long-term credit rating of A- or higher that are domiciled in the UK or overseas where the sovereign rating is AA+ or higher.

3.12 Investments with banks and building societies were primarily fixed-rate term deposits. The maximum duration of these investments was 12 months in line with the prevailing credit outlook during the year as well as market conditions.

Credit developments and credit risk management

3.13 The Council assessed and monitored counterparty credit quality with reference to credit ratings; credit default swaps; GDP of the country in which the institution operates; the country’s net debt as a percentage of GDP and share price. The minimum long-term counterparty credit rating determined by the Council for the 2013/14 treasury strategy was A- across rating agencies Fitch, S&P and Moody’s.

3.14 The debt crisis in Cyprus was resolved by its government enforcing a ‘haircut’ on unsecured investments and bank deposits over €100,000. This resolution mechanism has implications throughout Europe and has already been incorporated into UK legislation through the Financial Services (Banking Reform) Act 2013. The risk of loss is currently felt to be low in the UK, but the Council has taken a number of actions in response to this, and continues to monitor risks, with advice from Arlingclose.

3.15 EU finance ministers agreed further steps towards banking union, and the Single Resolution Mechanism (SRM) for resolving problems with troubled large banks which

will shift the burden of future restructurings/rescues to the institution's shareholders, bondholders and unsecured investors. Proposals were also announced for EU regulatory reforms to Money Market Funds which may result in these funds moving to a VNAV (variable net asset value) basis and losing their 'triple-A' credit rating wrapper in the future.

- 3.16 The material changes to UK banks' creditworthiness were (a) the strong progress made by the Lloyds Banking Group in strengthening its balance sheet, profitability and funding positions and the government reducing its shareholding in the Group to under 25%, (b) the announcement by Royal Bank of Scotland of the creation of an internal bad bank to house its riskiest assets (this amounted to a material extension of RBS' long-running restructuring, further delaying the bank's return to profitability) and (c) substantial losses at Co-op Bank which forced the bank to undertake a liability management exercise to raise further capital and a debt restructure which entailed junior bondholders being bailed-in as part of the restructuring.
- 3.17 In July Moody's placed the A3 long-term ratings of Royal Bank of Scotland and NatWest Bank and the D+ standalone financial strength rating of RBS on review for downgrade amid concerns about the impact of any potential breakup of the bank on creditors. As a precautionary measure the Council reduced its duration to overnight for new investments with the bank(s). In March Moody's downgraded the long-term ratings of both banks to Baa1. As this rating is below the Council's minimum credit criterion of A-, the banks were withdrawn from the counterparty list for further investment. Natwest are the Council's bankers, and having reviewed their position and taken advice from Arlingclose, they will continue to be used for operational and liquidity purposes.
- 3.18 The Co-op's long-term ratings were downgraded by Moody's and Fitch to Caa1 and B respectively, both sub-investment grade ratings. The Co-op Bank's capital raising plans to plug a capital shortfall include a contribution from the Co-op Group which is committed to injecting £313m in 2014 of which £50m had been paid [as at 16 April 2014]. However, in order to cover future expected losses and to meet the Prudential Regulation Council's capital targets, a further £400m is being sought from shareholders, of which Co-operative Group's share is approximately £120m.

Liquidity Management

- 3.19 At current rates it is appropriate to make use of opportunities to lend to secure counterparties for up to a year (and limited amounts beyond that). Over the last year, largely due to the pattern of government grant distribution, net available balances have fluctuated considerably. At peak periods, mindful of the primacy of security as a criterion for decision making, substantial balances may be held in short term investments, particularly Money Market Funds. The use of short term borrowing at times of lower cash balances is judged to maintain a prudent balance between maintaining security and liquidity and achieving a reasonable yield on investments.

Yield

- 3.20 The UK Bank Rate was maintained at 0.5% through the year. Short term money market rates also remained at very low levels which continued to have a significant impact on investment income. The average 3-month LIBID rate during 2013/14 was 0.45%, the 6-month LIBID rate averaged 0.53% and the 1-year LIBID rate averaged 0.78%. The low rates of return on the Council's short-dated money market investments reflect prevailing market conditions and the Council's objective of optimising returns commensurate with the principles of security and liquidity.

- 3.21 The Council's budgeted investment income for the year had been estimated at £0.2m. The average cash balance during the year was £97m during the period and interest earned was £0.6m.

Update on Investments with Icelandic Banks

- 3.22 **Heritable** – The Council has now recovered 94% of its £10 million deposit with Heritable Bank. It is likely that further distributions will be received, although the administrators have not made any further estimate of final recoveries yet.
- 3.23 **Glitnir** – The Council has received £4 million of its deposit with Glitnir Bank, and approximately £1m is held in a bank account in Iceland until authorisation is received from the Central Bank of Iceland to convert it into sterling. It is earning interest at a rate of 4.2%, but that is also not convertible. The amount which will, in due course, be realised from this deposit will depend on the exchange rate when it becomes convertible.

Compliance

- 3.24 The Council confirms that it has complied with its Prudential Indicators for 2013/14, which were approved by the Council on 25 February 2013 as part of the Council's Treasury Management Strategy Statement.
- 3.25 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2013/14. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. Further information is set out in Appendix 2.

Investment Training

- 3.27 The needs of the Council's treasury management staff for training in investment management are kept under review and considered as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.
- 3.28 During 2013/14 staff attended training courses, seminars and conferences provided by Arlingclose and CIPFA and opportunities which may arise with other organisations are considered.
- 3.29 A member training session on treasury management was held on 2 July 2013 which outlined the overall treasury management framework with a particular focus on the management of risks.

4. FINANCIAL IMPLICATIONS

- 4.1 The Council's incurred interest costs of £20.2m in 2013/14 in respect of its long-term borrowing and earned interest of £0.6m on its investments. The approach taken to minimise net interest costs enabled the Council to reduce its capital financing requirement by £4.6m, thereby providing ongoing annual contribution of at least £550k towards the savings needed in the Council's medium term financial strategy.

5. LEGAL IMPLICATIONS

- 5.1 Under section 12 of the Local Government Act 2003, a local authority may invest:
(a) for any purpose relevant to its functions under any enactment, or

(b) for the purposes of the prudent management of its financial affairs.

- 5.2 Under section 15(1) of the Local Government Act 2003, when carrying out its functions under Chapter 1 of the 2003 Act in relation to capital finance, a local authority shall have regard to such guidance as the Secretary of State may issue and such other guidance as the Secretary of State may by regulations specify for the purposes of this provision.
- 5.3 Under sections 3 (in relation to the Council's borrowing powers) and 15 (in relation to the Council's investment powers) of the 2003 Act, "The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003" (Statutory Instrument - SI: 3146/2003) were laid in Parliament and these regulations set out the limits, controls and powers in relation to borrowing and investments by local authorities. These regulations also require local authorities to have regard to the CIPFA Prudential Code for Capital Finance and have regard to the "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes", which are also published by the CIPFA.
- 5.4 The CIPFA Treasury Management Code of Practice recommends that local authorities receive reports on its treasury management policies and activities, including, as a minimum, an annual strategy. Under Table 3 in Part 4 of the Council's Constitution (Functions not to be the sole responsibility of the Executive), the Cabinet is responsible for formulating or preparing the plans listed in that Table and then submitting them to the Full Council for consideration and adoption or approval. Those plans include, amongst others, "A plan or strategy for the control of the authority's borrowing investments or capital expenditure or for determining the authority's minimum revenue provisions".

6. DIVERSITY IMPLICATIONS

No specific implications arising from this report.

7. STAFFING IMPLICATIONS

No specific implications arising from this report.

8. BACKGROUND INFORMATION

Treasury Management Strategy Report to Council – 25 February 2013
2013/14 Mid Year Treasury Report to Council – 18 November 2013

9. CONTACT OFFICER

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Appendix 1 - Debt and Investment Portfolio Position 31/3/2014

	31/3/2014 Actual Portfolio £m	31/3/2014 Average Rate %
External Borrowing:		
PWLB – Maturity	288	4.6
PWLB – Equal Instalments of Premium	44	5.0
LOBO Loans	96	4.7
Total External Borrowing	428	4.7
Other Long Term Liabilities:		
PFI	36	9.5
Total Gross External Debt	464	5.1
Investments:		
Deposits	62	0.7
Money Market Funds	49	0.4
Total Investments	111	0.6
Net Debt	353	6.5

Appendix 2 – Prudential Indicators

(a) Capital Financing Requirement (CFR)

The Council's cumulative maximum external borrowing requirement for 2013/14 is shown in the table below:

Capital Financing Requirement	31/03/2014 Estimate £m	31/03/2014 Actual £m
General Fund	478	445
HRA	137	137
Total CFR	615	582

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31/03/2014 Estimate £m	31/03/2014 Actual £m
Borrowing		428
PFI liabilities		36
Total Debt	615	464
Borrowing in excess of CFR?	No	No

(b) Authorised Limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

The Director of Finance confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2013/14.

	Operational Boundary (Approved) 31/03/2014	Authorised Limit (Approved) 31/03/2014	Actual External Debt 31/03/2014
Borrowing			428

Other Long-term Liabilities			36
Total	700	800	464

(c) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed.

	Approved Limits for 2013/14 Proportion %	Maximum during 2013/14 Proportion %
Upper Limit for Fixed Rate Exposure	100	100
Compliance with Limits:	Yes	Yes
Upper Limit for Variable Rate Exposure	40	14
Compliance with Limits:	Yes	Yes

(d) Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing at 31/03/2014 £m	% Fixed Rate Borrowing at 31/03/2014	Compliance with Set Limits?
under 12 months	40	0	19	5	Yes
12 months and within 24 months	20	0	29	7	Yes
24 months and within 5 years	20	0	64	15	Yes
5 years and within 10 years	60	0	27	6	Yes
10 years and within 20 years	100	0	8	2	Yes
20 years and within 30 years	100	0	20	4	Yes
30 years and within 40 years	100	0	89	21	Yes
40 years and within 50 years	100	0	172	40	Yes
50 years and above	100	0	0	0	Yes

(e) Capital Expenditure

This indicator is set to ensure that the level of proposed 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.

Capital Expenditure	31/03/2014 Estimate £m	31/03/2014 Actual £m
Non-HRA	85	73

HRA	17	16
Total	102	89

(f) Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	31/03/2014 Estimate %	31/03/2014 Actual %
Non-HRA	8.83	8.74
HRA*	20.34	19.33
Total	10.56	10.33

(g) Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council adopted the principles of best practice.

The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* in February 2013

(h) Upper Limit for Total Principal Sums Invested Over 364 Days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

	31/03/2014 Approved £m	31/03/2014 Actual £m
	20	5

(i) HRA Limit on Indebtedness

HRA Debt Cap (as prescribed by CLG)	£199m	
	31/03/2014 Estimate £m	31/03/2014 Actual £m
HRA CFR	137	137