

# CABINET

## MAYOR

Mayor John Biggs

## CABINET MEMBERS

Councillor Sirajul Islam	(Statutory Deputy Mayor and Cabinet Member for Housing Management & Performance)
Councillor Shiria Khatun	(Deputy Mayor and Cabinet Member for Community Safety)
Councillor Rachael Saunders	(Deputy Mayor and Cabinet Member for Education & Children's Services)
Councillor Rachel Blake	(Cabinet Member for Strategic Development)
Councillor Asma Begum	(Cabinet Member for Culture)
Councillor David Edgar	(Cabinet Member for Resources)
Councillor Ayas Miah	(Cabinet Member for Environment)
Councillor Joshua Peck	(Cabinet Member for Work & Economic Growth)
Councillor Amy Whitelock Gibbs	(Cabinet Member for Health & Adult Services)

[The quorum for Cabinet is 3 Members]

## MEETING DETAILS

**Tuesday, 2 February 2016 at 5.30 p.m.**  
**C1, 1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG**

**The meeting is open to the public to attend.**

## Further Information

The public are welcome to attend meetings of the Cabinet. Procedures relating to Public Engagement are set out in the 'Guide to Cabinet' attached to this agenda.

### Contact for further enquiries:

Matthew Mannion, Democratic Services,  
1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London, E14 2BG  
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Web: <http://www.towerhamlets.gov.uk>

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## Public Information

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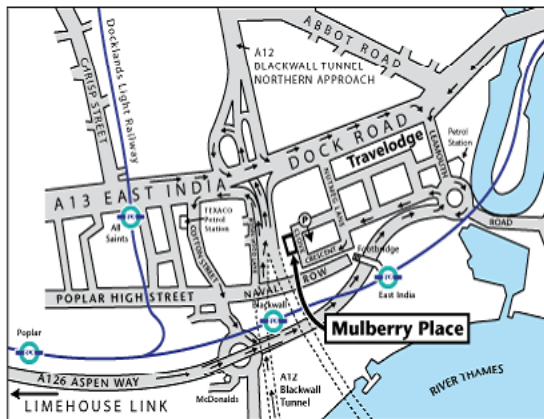
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QR code for smart phone users

## A Guide to CABINET

### **Decision Making at Tower Hamlets**

As Tower Hamlets operates the Directly Elected Mayor system, **Mayor John Biggs** holds Executive powers and takes decisions at Cabinet or through Individual Mayoral Decisions. The Mayor has appointed nine Councillors to advise and support him and they, with him, form the Cabinet. Their details are set out on the front of the agenda.

### **Which decisions are taken by Cabinet?**

Executive decisions are all decisions that aren't specifically reserved for other bodies (such as Development or Licensing Committees). In particular, Executive Key Decisions are taken by the Mayor either at Cabinet or as Individual Mayoral Decisions.

The constitution describes Key Decisions as an executive decision which is likely

- a) to result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates; or
- b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the borough.

Upcoming Key Decisions are published on the website on the 'Forthcoming Decisions' page through [www.towerhamlets.gov.uk/committee](http://www.towerhamlets.gov.uk/committee)

### **Published Decisions and Call-Ins**

Once the meeting decisions have been published, any 5 Councillors may submit a Call-In to the Service Head, Democratic Services requesting that a decision be reviewed. This halts the decision until it has been reconsidered.

- The decisions will be published on: **Thursday, 4 February 2016**
- The deadline for call-ins is: **Thursday, 11 February 2016**

Any Call-Ins will be considered at the next meeting of the Overview and Scrutiny Committee. The Committee can reject the call-in or they can agree it and refer the decision back to the Mayor, with their recommendations, for his final consideration.

### **Public Engagement at Cabinet**

The main focus of Cabinet is as a decision-making body. However there is an opportunity for the public to contribute through making submissions that specifically relate to the reports set out on the agenda.

Members of the public may make written submissions in any form (for example; Petitions, letters, written questions) to the Clerk to Cabinet (details on the front page) by 5 pm the day before the meeting.

**LONDON BOROUGH OF TOWER HAMLETS**

**CABINET**

**TUESDAY, 2 FEBRUARY 2016**

**5.30 p.m.**

	<b>Pages</b>
<b>1. APOLOGIES FOR ABSENCE</b>	
To receive any apologies for absence.	
<b>2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS</b>	<b>1 - 4</b>
To note any declarations of interest made by Members, including those restricting Members from voting on the questions detailed in Section 106 of the Local Government Finance Act, 1992. See attached note from the Monitoring Officer.	
<b>3. UNRESTRICTED MINUTES</b>	<b>5 - 24</b>
The unrestricted minutes of the Cabinet meeting held on Tuesday 5 January 2016 are presented for approval.	
<b>4. OVERVIEW &amp; SCRUTINY COMMITTEE</b>	
<b>4 .1 Chair's Advice of Key Issues or Questions</b>	
Chair of Overview and Scrutiny Committee (OSC) to report on any issues raised by the OSC in relation to unrestricted business to be considered.	
<b>4 .2 Any Unrestricted Decisions "Called in" by the Overview &amp; Scrutiny Committee</b>	
(Under provisions of Article 6 Para 6.02 V of the Constitution).	

## 5. UNRESTRICTED REPORTS FOR CONSIDERATION

### 5.1 General Fund Revenue and Capital Budget and Medium Term Financial Plan 2016/17

**[Note – the report is contained in a separate agenda pack]**

**Report Summary:**

To set out the issues bearing on financial planning for the authority over the next three years and to agree an approach to delivering a medium term sustainable financial position over that period, bearing in mind the risks and unknowns.

And to agree a draft budget for 2016/17 to be put forward for Full Council Consideration.

**Wards:** All Wards  
**Lead Member:** Cabinet Member for Resources  
**Corporate Priority:** One Tower Hamlets

### 5.2 Treasury Management Strategy Statement For 2016-17

25 - 74

**Report Summary:**

For Cabinet to review the treasury management strategy before forwarding to Council for approval.

**Wards:** All Wards  
**Lead Member:** Cabinet Member for Resources  
**Corporate Priority:** One Tower Hamlets

### 5.3 Housing Revenue Account Budget Report 2016/17

75 - 104

**Report Summary:**

1. Approve the Tower Hamlets Homes Management Fee 2016/17;
2. Approve the Housing Revenue Account Draft Budget 2016/17; and
3. Approve 2016/17 housing capital estimates.

**Wards:** All Wards  
**Lead Member:** Cabinet Member for Strategic Development  
**Corporate Priority:** One Tower Hamlets

**5.4 Licensing of the Private Rented Housing Sector****105 - 130**

**[Appendices to this report are contained in a separate Appendices Pack]**

**Report Summary:**

The Tower Hamlets Fairness Commission was established in November 2012 and the Council's response to its findings was provided to Cabinet in April 2014. One of the responses recommended that the Communities, Localities and Culture Directorate should:

1. Gather the necessary evidence, explore data and consider options for taking forward a landlord licensing scheme; and
2. Consult stakeholders and to pilot a private rented sector housing licensing scheme in an area within the Borough and to identify any unintended consequences.

**Wards:** All Wards  
**Lead Member:** Deputy Mayor and Cabinet Member for Community Safety  
**Corporate Priority:** One Tower Hamlets

**5.5 Consultation of the late night levy for licensed premises****131 - 142**

**[Appendices to this report are contained in a separate Appendices Pack]**

**Report Summary:**

To determine if the Council should consult stakeholders on introducing a late night levy for licensed premises.

**Wards:** All Wards  
**Lead Member:** Deputy Mayor and Cabinet Member for Community Safety  
**Corporate Priority:** A Safe and Cohesive Community

**5.6 LIP Delivery Plan 2016/17****143 - 158****Report Summary:**

Approval of adoption of Capital Estimates to enable expenditure to be incurred to deliver the projects within this programme.

**Wards:** All Wards  
**Lead Member:** Cabinet Member for Environment  
**Corporate Priority:** A Great Place to Live

**5.7 Community Safety Partnership Plan Review and Extension****159 - 252****Report Summary:**

To note the content of the revised Community Safety Partnership Plan 2013-16, note the content of the Report and the decision made by the CSP under its powers within the relevant legislation to extend the term of the Plan by 1 year, so that it remains aligned to the MOPAC Police and Crime Plan.

Agree that the Report and Revised Plan are taken before Full Council as per the Council Constitution for formal consideration.

**Wards:** All Wards  
**Lead Member:** Deputy Mayor and Cabinet Member for Community Safety  
**Corporate Priority:** A Safe and Cohesive Community

**5.8 Determination of School Admission Arrangements for 2017/18****253 - 260**

**[Appendices to this report are contained in a separate Appendices Pack]**

**Report Summary:**

To agree the:

1. arrangements and oversubscription criteria for admission to Community Nursery Schools/Classes in 2017/18.
2. arrangements and oversubscription criteria for admission to Community Primary Schools in 2017/18.
3. arrangements and oversubscription criteria for admission to Community Secondary Schools in 2017/18.
4. scheme for co-ordinating admissions to Reception Year of primary school and Year 7 of secondary school for 2017/18
5. scheme for co-ordinating 'In-Year' Admissions for 2017/18.
6. planned admission number for each School in Tower Hamlets in 2017/18.

**Wards:** All Wards  
**Lead Member:** Deputy Mayor and Cabinet Member for Education and Children's Services  
**Corporate Priority:** A Prosperous Community

<b>5 .9</b>	<b>End of key stage examinations: Key Stages 2, 4 and 5 (validated results) for 2014/15 academic year</b>	<b>261 - 272</b>
<p><b>Report Summary:</b> This is a noting report on the Examination Results for the 2014/2015 academic year.</p> <p><b>Wards:</b> All Wards  <b>Lead Member:</b> Deputy Mayor and Cabinet Member for Education and Children's Services  <b>Corporate Priority:</b> A Great Place to Live; A Prosperous Community; A Safe and Cohesive Community</p>		

<b>5 .10</b>	<b>Draft Outline Strategic Plan 2016-19</b>	<b>273 - 294</b>
<p><b>Report Summary:</b> Agree the Outline Strategic Plan for 2016-19</p> <p><b>Wards:</b> All Wards  <b>Lead Member:</b> Mayor  <b>Corporate Priority:</b> (All Corporate Priorities)</p>		

<b>5 .11</b>	<b>Best Value Improvement Plan 12 month monitoring report</b>	<b>295 - 342</b>
<p><b>Report Summary:</b> To consider the BV Improvement Plan prior to submission to the Secretary of State.</p> <p><b>Wards:</b> All Wards  <b>Lead Member:</b> Mayor  <b>Corporate Priority:</b> (All Corporate Priorities)</p>		

<b>5 .12</b>	<b>List of Mayor's Individual Executive Decisions</b>	<b>343 - 346</b>
<p><b>Report Summary:</b> To note individual executive decisions taken by the Mayor outside of Cabinet.</p> <p><b>Wards:</b> All Wards  <b>Lead Member:</b> Mayor  <b>Corporate Priority:</b> One Tower Hamlets</p>		

**6. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT**



## **7. EXCLUSION OF THE PRESS AND PUBLIC**

In view of the contents of the remaining items on the agenda, the Committee is recommended to adopt the following motion:

“That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the Press and Public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government, Act 1972”.

### **EXEMPT/CONFIDENTIAL SECTION (PINK)**

The Exempt / Confidential (Pink) Committee papers in the Agenda will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please hand them to the Committee Officer present.

## **8. EXEMPT / CONFIDENTIAL MINUTES**

Nil items.

## **9. OVERVIEW & SCRUTINY COMMITTEE**

### **9.1 Chair's Advice of Key Issues or Questions in Relation to Exempt / Confidential Business**

Chair of Overview and Scrutiny Committee (OSC) to report on any issues raised by the OSC in relation to exempt/confidential business to be considered.

### **9.2 Any Exempt / Confidential Decisions "Called in" by the Overview & Scrutiny Committee**

(Under provisions of Article 6 Para 6.02 V of the Constitution).

## **10. EXEMPT / CONFIDENTIAL REPORTS FOR CONSIDERATION**

Nil items.

## **11. ANY OTHER EXEMPT/ CONFIDENTIAL BUSINESS CONSIDERED TO BE URGENT**

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# Agenda Item 2

## **DECLARATIONS OF INTERESTS - NOTE FROM THE MONITORING OFFICER**

This note is for guidance only. For further details please consult the Members' Code of Conduct at Part 5.1 of the Council's Constitution.

Please note that the question of whether a Member has an interest in any matter, and whether or not that interest is a Disclosable Pecuniary Interest, is for that Member to decide. Advice is available from officers as listed below but they cannot make the decision for the Member. If in doubt as to the nature of an interest it is advisable to seek advice **prior** to attending a meeting.

### **Interests and Disclosable Pecuniary Interests (DPIs)**

You have an interest in any business of the authority where that business relates to or is likely to affect any of the persons, bodies or matters listed in section 4.1 (a) of the Code of Conduct; and might reasonably be regarded as affecting the well-being or financial position of yourself, a member of your family or a person with whom you have a close association, to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward affected.

You must notify the Monitoring Officer in writing of any such interest, for inclusion in the Register of Members' Interests which is available for public inspection and on the Council's Website.

Once you have recorded an interest in the Register, you are not then required to declare that interest at each meeting where the business is discussed, unless the interest is a Disclosable Pecuniary Interest (DPI).

A DPI is defined in Regulations as a pecuniary interest of any of the descriptions listed at **Appendix A** overleaf. Please note that a Member's DPIs include his/her own relevant interests and also those of his/her spouse or civil partner; or a person with whom the Member is living as husband and wife; or a person with whom the Member is living as if they were civil partners; if the Member is aware that that other person has the interest.

### **Effect of a Disclosable Pecuniary Interest on participation at meetings**

Where you have a DPI in any business of the Council you must, unless you have obtained a dispensation from the authority's Monitoring Officer following consideration by the Dispensations Sub-Committee of the Standards Advisory Committee:-

- not seek to improperly influence a decision about that business; and
- not exercise executive functions in relation to that business.

If you are present at a meeting where that business is discussed, you must:-

- Disclose to the meeting the existence and nature of the interest at the start of the meeting or when the interest becomes apparent, if later; and
- Leave the room (including any public viewing area) for the duration of consideration and decision on the item and not seek to influence the debate or decision

When declaring a DPI, Members should specify the nature of the interest and the agenda item to which the interest relates. This procedure is designed to assist the public's understanding of the meeting and to enable a full record to be made in the minutes of the meeting.

Where you have a DPI in any business of the authority which is not included in the Member's register of interests and you attend a meeting of the authority at which the business is considered, in addition to disclosing the interest to that meeting, you must also within 28 days notify the Monitoring Officer of the interest for inclusion in the Register.

**Further advice**

For further advice please contact:-

- Melanie Clay, Director, Law, Probity and Governance. Tel 020 7364 4800

## APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to the Member's knowledge)—</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>
Securities	<p>Any beneficial interest in securities of a body where—</p> <p>(a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and</p> <p>(b) either—</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</p>

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**LONDON BOROUGH OF TOWER HAMLETS**

**MINUTES OF THE CABINET**

**HELD AT 5.35 P.M. ON TUESDAY, 5 JANUARY 2016**

**C1, 1ST FLOOR, TOWN HALL, MULBERRY PLACE, 5 CLOVE CRESCENT,  
LONDON, E14 2BG**

**Members Present:**

Mayor John Biggs  
Councillor Shiria Khatun (Deputy Mayor and Cabinet Member for Community Safety)  
Councillor Rachael Saunders (Deputy Mayor and Cabinet Member for Education & Children's Services)  
Councillor Rachel Blake (Cabinet Member for Strategic Development)  
Councillor Asma Begum (Cabinet Member for Culture)  
Councillor David Edgar (Cabinet Member for Resources)  
Councillor Ayas Miah (Cabinet Member for Environment)  
Councillor Amy Whitelock Gibbs (Cabinet Member for Health & Adult Services)

**Other Councillors Present:**

Councillor Dave Chesterton  
Councillor Peter Golds (Leader of the Conservative Group)  
Councillor John Pierce

**Apologies:**

Councillor Sirajul Islam (Statutory Deputy Mayor and Cabinet Member for Housing Management & Performance)  
Councillor Joshua Peck (Cabinet Member for Work & Economic Growth)

**Officers Present:**

Luke Addams (Interim Director of Adult's Services)  
Katherine Ball (Senior Accountant, Development & Renewal)  
Andy Bamber (Service Head Safer Communities, Crime Reduction Services, Communities, Localities and Culture)  
Dr Somen Banerjee (Director of Public Health, LBTH)  
Simon Baxter (Acting Service Head, Public Realm, Communities Localities & Culture)  
Kate Bingham (Service Head, Children's and Adults Resources)  
Melanie Clay (Director, Law Probity and Governance)  
Zena Cooke (Corporate Director, Resources)  
Margaret Cooper (Section Head Transport & Highways, Public Realm, Communities Localities & Culture)  
Tony Evans (Senior Business Executive)  
Chris Holme (Service Head, Resources & Economic

Gulam Hussain	Development) (Strategy, Policy and Performance Officer)
Paul Leeson	(Finance Manager, Development & Renewal)
Chris Lovitt	(Associate Director of Public Health)
Jackie Odunoye	(Service Head, Strategy, Regeneration & Sustainability, Development and Renewal)
Kelly Powell	(Acting Head of Communications)
Louise Russell	(Service Head Corporate Strategy and Equality, Law Probity & Governance)
Karen Sugars	(Interim Service Head, Commissioning and Health)
Monsur Uddin	(Political Advisor to the Mayor)
Keith Burns	(Programme Director Special Projects, Commissioning & Health, Education Social Care & Wellbeing)
Abdul J. Khan	(Sustainable Development Manager, Strategy Innovation & Sustainability, Development and Renewal)
Matthew Pullen	Major Project Development
Jonathan Taylor	(Sustainable Development Team Leader)
Ruth Ebaretonbofa-Morah	(Head of Financial Planning & Development)
Ekbal Hussain	(Financial Planning Manager, Chief Executive's and Resources)
Matthew Mannion	(Committee Services Manager, Democratic Services, LPG)

## AGENDA ORDER

During the meeting the Mayor agreed to vary the order of the agenda such that Item 5.16 (Tower Hamlets Cycle Strategy) was moved up the agenda to be taken straight after Item 5.12 (Commissioning of adult social care and supported housing contracts). For clarity, the minutes are presented in the order the items appear on the agenda.

### 1. APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of:

- Councillor Sirajul Islam (Statutory Deputy Mayor and Cabinet Member for Housing Management and Performance)
- Councillor Joshua Peck (Cabinet Member for Work and Economic Growth)
- Will Tuckley (Chief Executive)
- Aman Dalvi (Corporate Director, Development and Renewal)
- Stephen Halsey (Corporate Director, Communities, Localities and Culture)
- Debbie Jones (Interim Corporate Director, Children's Services)



## 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS

Councillors Rachael Saunders (Deputy Mayor and Cabinet Member for Education and Children's Services) and Ayas Miah (Cabinet Member for Environment) declared Disclosable Pecuniary Interests in agenda item 5.9 (Extended Payment Support Options to Leaseholders for Repayment of Major Works Recharges) as they were Leaseholders. They would withdraw from the room for the duration of the debate on that item.

## 3. UNRESTRICTED MINUTES

### RESOLVED

1. That the unrestricted minutes of the Cabinet meeting held on 1 December 2015 be approved and signed by the Chair as a correct record of proceedings subject to the following amendments:
  - a. Item 5.3 (Neighbourhood Planning – Approving Area and Forum Applications) – Recommendation 2 be changed to 'To approve in principle the designation of a Neighbourhood Planning Forum for the Isle of Dogs application subject to clarification of the boundaries of the Neighbourhood Planning Area. Decisions to be taken on the Forum and Area Boundary at the earliest opportunity.
  - b. Item 5.5 (Future Commissioning arrangements for domiciliary care services previously commissioned from Majlish Homecare Services) paragraph two to be amended to make it clear that options C to F were also rejected as they were not practical or feasible in the current circumstances as well as not being value for money.

## 4. OVERVIEW & SCRUTINY COMMITTEE

### 4.1 Chair's Advice of Key Issues or Questions

Pre-Decision Scrutiny Questions were submitted in relation to Agenda Item 5.5 (Housing Revenue Account Rent Setting Report) and Item 5.7 (Six Monthly Strategic Performance Monitoring Report). The questions were considered along with the reports themselves later on the agenda.

Councillor John Pierce, Chair of the Overview and Scrutiny Committee, also provided an update on their meeting the previous evening. He reported that there had been valuable discussions on a number of issues including around leaseholders and in particular on leaseholder charges. Issues had been referred to the Chief Executive of Tower Hamlets Homes for him to report back to the Committee. Other topics discussed included:

- Budget Monitoring and in particular underspends in children's and adults' services.
- The Housing Revenue Account with particular reference to capital spending.
- Gambling policy, which may result in a scrutiny review in the near future.
- How to improve recycling rates.

Finally Councillor John Pierce thanked officers for responding to requests for information from Scrutiny Members in relation to their draft budget deliberations. However, he stated that not all the responses were as detailed as they needed to be and he would be contacting the relevant services to request more information.

The **Mayor** thanked him for his update.

#### **4.2 Any Unrestricted Decisions "Called in" by the Overview & Scrutiny Committee**

Nil items.

### **5. UNRESTRICTED REPORTS FOR CONSIDERATION**

#### **5.1 General Fund Revenue and Capital Budget and Medium Term Financial Plan 2016/17**

Councillor David Edgar, Cabinet Member for Resources, introduced the report and tabled an amended Appendix 9. He drew Members attention to the provisional nature of some of the figures from the government which could result in further changes to the proposals. He also highlighted a number of the growth and savings proposals contained in the report and recommended some further amendments to the original draft proposals:

- The proposal to save £93k by Reducing or Stopping Sunday Idea Store opening will not be progressed.
- The proposal to reduce the corporate match funding budget by £246k will also not be progressed.
- And the saving of £241k from the Review Day Services for Older People would only be progressed once suitable alternative to current provision has been found for any service users affected.

He reported that the Council had a relatively low Council Tax compared to other London Boroughs and that the government was assuming that Councils would be increasing the tax by 2% to support adult social care services. The draft budget also included proposals for a 1.99% increase on top of that although it was hoped not to have to include this additional increase in future years. Finally, he drew Members attention to sections of the report on the reserves and capital projects as well as potential risks around reductions in the new homes bonus and funding for schools.

The **Mayor** thanked Councillor David Edgar and officers for the report. He highlighted that the budget was still a work in progress in particular as he had only been Mayor for six months. He noted that some of the savings targets were ambitious but there were significant cuts that were required and so there would have to be a continual review of budgets.

Particular issues he would continue to monitor included:

- Whether early years services savings negatively impacted on those services.
- Potential growth required to improve street cleaning.
- The impact of benefit changes and welfare reform.

It was noted that the draft budget would be considered by the Overview and Scrutiny Committee meeting on 18 January 2016.

During discussion Members noted the need to monitor the savings proposals that were being made in partnership with the East London NHS Trust and also that the proposed Council Tax increase to cover Social Care was not expected to fully cover the pressures on those services.

The **Mayor** accepted the amendments proposed by Councillor David Edgar, and subject to those, he agreed the recommendations as set out in the report.

## **RESOLVED**

1. Subject to the above amendments, to agree a General Fund Revenue Budget of **£358.774m** for 2016-17.
2. To accept the proposed increase to Council tax (Band D) of 3.99% in 2016-17 and thereby agree Council Tax (Band D) at £920.85 for the new financial year.
3. Subject to the above amendments, to agree to propose the items listed below for consideration by the Overview and Scrutiny Committee at a public meeting in accordance with the Budget and Policy Framework. A further report will then be submitted to the next Cabinet meeting in February including feedback from Overview and Scrutiny committee, and inviting Cabinet to recommend a Budget Requirement and Council Tax for 2016-17 to Full Council.
4. To note the following matters:

### **Budget Consultation**

The outcome of consultation with residents and Overview and Scrutiny Committee on savings proposals as detailed in section 3.12 and Appendix 9.

### **Funding**

The funding available for 2016-17 and the indications and forecasts for future years set out in Section 3.4.

### **Base Budget 2016-17**

The Base Budget for 2016-17 as £350.346m as detailed in Appendix 1.

**Growth and Inflation**

The risks identified from potential growth and inflation commitments arising in 2016-17 and future years and as set out in Section 3.5 and in [Appendix 3](#).

**General Fund Revenue Budget for 2016-17 and Medium Term Financial Plan 2016-17 to 2019-20**

The initial budget proposal and Council Tax for 2016-17 together with the Medium Term Financial Plan set out in [Appendix 1](#).

**Savings**

New savings items to be included in the budget for 2016-17 and the strategic approach for future savings to be delivered are set out in Section 3.6, [Appendix 4.1](#) and [4.2](#) of the report.

**Capital Programme**

The capital programme to 2018-19; including the proposed revisions to the current programme as set out in section 3.10 and detailed in [Appendices 8.1, 8.2 & 8.3](#), and the proposed refresh of the council's capital strategy during 2016-17.

To adopt a capital estimate for Communities, Localities & Culture TFL LIP schemes (2016-17) totalling £2.487m & S106 schemes totalling £0.276m as detailed in [Appendices 8.1 & 8.2](#).

**Dedicated Schools Grant**

The position with regards to the Dedicated Schools Grant as set out in Section 3.8 and [Appendices 6.1 & 6.2](#).

**Housing Revenue Account**

The position with regards to the Housing Revenue Account as set out in Section 3.9 and [Appendix 7](#).

**Financial Risks: Reserves and Contingencies**

The strategic budget risks and opportunities as set out in Section 3.7 and [Appendix 5.2](#).

**Reserves and Balances**

New schemes being funded from general fund reserves in 2016-17.

The position in relation to reserves as set out in the report and further detailed in [Appendices 5.1 & 5.3](#).

## 5.2 Council Tax Base 2016/17

Councillor David Edgar, Cabinet Member for Resources, introduced the yearly report detailing the Borough's Council Tax base.

The **Mayor agreed** the recommendation as set out in the report.

### RESOLVED

1. To approve, in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992, that the amount calculated by the London Borough of Tower Hamlets as its Council Tax Base for the year 2016/17 shall be 83,493.

## 5.3 Local Council Tax Reduction Scheme 2016/17

Councillor David Edgar, Cabinet Member for Resources, introduced the report recommending that the existing Council Tax Reduction Scheme be extended for a further year to be reviewed at that point.

The **Mayor agreed** the recommendations as set out in the report.

### RESOLVED

1. To recommend to Full Council that it approves the continuation of the current Local Council Tax Reduction Scheme for 2016/17 which will retain the same level of support to all working age Council Tax payers on a low income.
2. To recommend to Full Council that it agrees that the extension of the scheme is for one year only, to be reviewed alongside the impact of the Government's proposed welfare reform changes and an options review for the future of LCTRS during 2016.

## 5.4 Fees and Charges 2016/17

Councillor David Edgar, Cabinet Member for Resources, introduced the report listing the proposed fees and charges for Council services for 2016/17. He explained that no increase was proposed in a number of areas and any increases were usually in line with inflation or necessary because a grant had been reduced. Following questions he confirmed that charges could be altered during the year following a review providing a formal decision was taken to do so.

The **Mayor agreed** the recommendations are set out in the report.

### RESOLVED

1. To approve the revised fees and charges for **Communities, Localities and Culture** as set out in **Appendix 1** with effect from

1<sup>st</sup> April 2016.

2. To approve the new Pre-application charges for **Development and Renewal** as set out in **Appendix 2** with effect from 5<sup>th</sup> January 2016.
3. To approve the revised fees and charges for **Development and Renewal** as set out in **Appendix 2** with effect from 1<sup>st</sup> April 2016.
4. To approve the revised fees and charges for **Adults' Services** as set out in **Appendix 3** with effect from 1<sup>st</sup> April 2016.
5. To approve the revised fees and charges for **Children's Services** as set out in **Appendix 4** with effect from 1<sup>st</sup> April 2016.
6. To approve the revised fees and charges for **Law, Probity and Governance** as set out in **Appendix 5** with effect from 1<sup>st</sup> April 2016.
7. To note the revised **Statutory** fees and charges as set out in **Appendix 6** with effect from 1<sup>st</sup> April 2016.
8. To note the revised **Licensing charges** in **Appendix 7** which have been approved by the Licensing Committee on 6<sup>th</sup> October 2015, with effect from 1<sup>st</sup> November 2015.

## 5.5 Housing Revenue Account Rent Setting Report

Councillor Rachel Blake, Cabinet Member for Strategic Development, introduced the report and tabled an updated version. She highlighted that the main recommendation was a government mandated 1% cut to rent charges. The risks relating to this cut were set out and would inform the Housing Revenue Account budget report that was due at the next meeting.

In response to Pre-Scrutiny Questions it was explained that officers were awaiting directions from government on how the 'pay to stay' process would work.

The **Mayor** noted the challenge that the 1% cut was going to be for housing providers and **agreed** the recommendations as set out in the report.

### RESOLVED

1. To note that, under section 21 of the Welfare Reform and Work Bill (which is at Committee Stage in the House of Lords), the Authority must implement a rent reduction of 1% for each of the next four years, starting in 2016/17, and consequently to agree an average weekly rent reduction of 1% to take effect from the first rent week of April 2016.

2. To agree that the element of the rental charge that relates to communal electricity will be removed from the rent (de-pooled) and will be added to the tenanted service charge.
3. To agree that the average weekly tenanted service charge will increase by £0.10 from the first rent week in April 2016, after applying the de-pooling adjustment of communal energy charges referred to in Recommendation 2.
4. To note the risks to the Housing Revenue Account, (HRA) detailed in sections 6 to 8, and note that an updated medium-term financial strategy will be developed for the HRA in response to the various government policies that will have a substantial impact on the HRA.
5. To note that the HRA budget will be presented to Cabinet in February 2016.

## 5.6 Corporate Revenue and Capital Budget Monitoring Q2 2015/16

Councillor David Edgar, Cabinet Member for Resources, introduced the revenue and capital budget monitoring report. He highlighted that the revenue budget was forecast to break even for the year. However, there were some pressures in Children's and Adults' services with particular concerns around social care packages and home care services. He also noted the underspend in the Housing Revenue Account and his concern that only 23% of the capital budget had so far been spent and it was important to not delay spending on supporting priority services to residents. Work was needed to improve that performance.

The **Mayor agreed** the recommendation as set out in the report.

### RESOLVED

1. To note the Council's revenue and capital financial performance compared to budget for 2015/16 as detailed in Sections 3 to 6 and Appendices 1-4 of this report.

## 5.7 Six Monthly Strategic Performance Monitoring Report

The **Mayor** introduced the six monthly review report. It highlighted many positive areas of progress as well as issues in some areas. Whilst the performance monitoring processes were generally good, he was looking at adjusting them in the next few months.

In response to Pre-Scrutiny Questions, Councillor Rachael Saunders, Deputy Mayor and Cabinet Member for Education and Children's Services responded that:

- The Council was on track in creating 800 additional places for disadvantaged 2 year olds, details on some of the capital spend was in the report later on the agenda.
- The delays in relation to the Commissioners had been resolved.

- On Education and Healthcare Plan conversions from SEN statements, the Council was behind schedule but was doing ok compared to other Boroughs. It was better to do them well rather than to do them quickly.
- In respect of the campaign to register children with GPs and dentists, the January meeting of the Health and Wellbeing Board (HWB) had been given over to a workshop on this issue and a report written in conjunction with the CCG would be presented to the March HWB meeting.
- There were a number of reviews taking place that were relevant to early year's services and she would ensure that Cabinet and Overview and Scrutiny were involved in relation to the reports that would be coming forward.
- The Council and CCG work was ongoing to look at mental health services and she would engage with Overview and Scrutiny Committee when looking at how the services should be developed.

The **Mayor** thanked everyone for their contribution. He welcomed that the 800 places for disadvantaged children were on target and he highlighted the need to ensure the right children could access the places.

He stated that he had delegated day to day chairing of the Health and Wellbeing Board to Councillor Amy Whitelock Gibbs but that he was keeping a close eye on the work being undertaken. He **agreed** the recommendations as set out in the report.

#### **RESOLVED**

1. To review and note progress in delivering the Strategic Plan at the 6 month stage (appendix 1 to the report); and
2. To review and note the performance of the Strategic Measures at the 6 month stage (appendix 2 to the report)

### **5.8 Children's & Adults Services Capital Programme**

Councillors Rachael Saunders, Deputy Mayor and Cabinet Member for Education and Children's Services and Amy Whitelock Gibbs, Cabinet Member for Health and Adults Services, introduced the report on the Children's and Adults Capital Programme proposals. They explained that the report included reference to the urgent provision of school places highlighted earlier on the agenda and also that the report detailed S106 money being provided to 11 surgeries to help them increase the capacity of their services.

The **Mayor** agreed the recommendations as set out in the report.

#### **RESOLVED**

1. To note the contents of the report and the out-turn for the 2014/15 Education, Social Care & Wellbeing (ESCW) Capital Programme as



detailed in Appendix A and proposed allocation of the funding available in 2016/17 as set out in Appendix B (paragraph 3.2);

2. To note the 2015/16 capital condition and improvement programme schemes in schools and service premises as shown in Appendix C (Schools and Children's Services) and Appendix F (Adult Services) (paragraph 3.4);
3. To approve the adoption of capital estimates for the 2016/17 capital condition and improvement programme schemes in schools and service premises as shown in Appendix D and authorise expenditure (paragraph 3.5 );
4. To note the completed projects within the Primary Capital Programme (PCP) in Appendix E and approve the increase in the final cost for the works at Malmesbury Primary School (paragraph 3.9);
5. To note the School Expansion Programme as detailed in Appendix G and approve the revised capital allocation for the expansion works at Woolmore Primary and Stepney Green schools (paragraph 3.11);
6. To approve of the adoption of a capital estimate for fees of £1.00m to develop the design for the proposed new secondary school at the London Dock site (paragraph 3.15);
7. To note progress with the development of further expansion projects and approve the adoption of a capital estimate of £750,000 to cover the costs of developing proposals to be considered for inclusion in the capital programme and authorise expenditure (paragraph 3.19);
8. To approve the adoption of a capital estimate of £300,000 for the costs of providing additional short term accommodation if required for additional pupils until major works have been carried out to provide permanent additional school places and authorise expenditure (paragraph 3.20) ;
9. To note progress with creating early education provision and further consultation with providers as shown in Appendix E (paragraph 3.22);
10. To approve the adoption of a capital estimate for expenditure of s. 106 contributions on improvements to health infrastructure for the Maximising existing health infrastructure project of £2,603,358 (paragraph 3.24);
11. To approve of a capital estimate for expenditure of s. 106 contributions on improvements to health infrastructure for the fit out works to William Cotton Place of £3,193,000 (paragraph 3.24);

12. To agree that Council approved Frameworks be used, where appropriate, to deliver the various projects within the approved programmes;
13. To agree that the Corporate Director of Children's Services or the Director of Adults Services (as applicable), in respect of all proposed tenders referred to in this report, be authorised to agree tenders for projects within the approved programmes and capital estimate;
14. To agree that any scheme exceeding the approved budget, the Corporate Director of Children's Services or the Director of Adults Services (as applicable) to be authorised to prepare and carry out a Bill of Reductions where relevant to ensure expenditure is contained within the agreed costs.

### **5.9 Extended Payment Support Options to Leaseholders for Repayment of Major Works Recharges**

[Note – Councillors Rachael Saunders and Ayas Miah left the meeting for the duration of this agenda item.]

Jackie Odunoye, Head of Strategy, Regeneration and Sustainability, introduced the report. She highlighted the importance of collecting the charges that were due but also the need to be fair to leaseholders who may be receiving very large bills. The proposals in the report took account of relevant government regulations on charge capping. She reported that, whilst some Councils did offer longer interest free periods, a balance had to be struck against the impact to the Housing Revenue Account.

Councillor Peter Golds, Leader of the Conservative Group, addressed Cabinet. He highlighted the Council's duty of care to leaseholders and urged a swift implementation of the proposals. He also requested that all Members be provided with a guide to the support options available for use during Councillor Surgeries.

The **Mayor agreed** the recommendations as set out in the report.

### **RESOLVED**

1. To adopt the revised Leasehold Repayment Support Options 1-6 detailed at **Appendix A** to the report, and agree that this will supersede the previous Leasehold Support Options adopted by Cabinet on 9<sup>th</sup> January 2013 – Appendix **B** to the report.
2. To note that the Council has received additional Decent Homes Backlog Grant funding of £13.27 million for the 2015-16 financial year. This will result in additional net Housing Revenue Account

capital resources estimated at £12.21 million after applying the statutory leasehold cap (see paragraph 3.7).

3. To authorise the Corporate Director - Development and Renewal following consultation with Corporate Director Law, Probity and Governance and Monitoring Officer (or their nominee), to enter into all necessary documents to implement the decisions made.

#### **5.10 Implementation of a New Infrastructure Delivery Framework**

Councillor Rachel Blake, Cabinet Member for Strategic Development, introduced the report on the implementation of a new Infrastructure Delivery Framework to replace existing procedures.

The **Mayor** welcomed the report as part of his transparency agenda and **agreed** the recommendations as set out in the report.

#### **RESOLVED**

1. To approve the formation of the decision-making structure as proposed in this document for adoption from the 1<sup>st</sup> April 2016. More specifically:
  - The formation of an officer level group, the Infrastructure Delivery Steering Group, chaired by the Corporate Director of Development and Renewal;
  - The formation of a board level group, the Infrastructure Delivery Board, chaired by the Mayor which will refer relevant matters to Cabinet via the Cabinet Pre-Agenda Planning Meeting. The relevant matters will not be referred to the Directorate Management Team, the Corporate Management Team or the Mayor's Advisory Board as required under the current Cabinet process.
2. To approve the formation of an evidence base to support decision-making. This evidence base will be finalised and submitted for approval by the IDB and Cabinet once the IDF is implemented;

#### **5.11 Carbon Offset Solutions Study**

Councillor Rachel Blake, Cabinet Member for Strategic Development introduced the report. She congratulated officers for their work on the report and study. She explained that it was forecast there would be approximately £2 million of funds secured annually and the report set out the priority areas for action.

Progress on the projects identified would be reported back to Cabinet.

The **Mayor** welcomed the report as important and urgent work. He **agreed** the recommendations set out in the report and agreed it was important that Cabinet kept a watch on the progress of the projects.

#### **RESOLVED**

1. To approve the Carbon Offset Solutions Study for adoption.
2. To note the monies secured to date.
3. To note the council's approach in managing the funds and delivering projects.

### **5.12 Commissioning of adult social care and supported housing contracts**

Councillor Amy Whitelock Gibbs, Cabinet Member for Health and Adults' Services, introduced the report proposing to commission various social care and supported housing contracts. She took Members through the report highlighting the review of contracts that had taken place, the immediate requirement to extend some contracts and longer term work to ensure stability of the services. Members would be involved in the retendering processes at the appropriate points.

The **Mayor** welcomed the report and requested that the Lead Member monitor the new officer-led procurement procedures. He **agreed** the recommendations as set out in the report.

#### **RESOLVED**

1. To authorise the initiation of tender processes and subsequent awarding of contracts, subject to best value considerations being met by bids received, in respect of the adult social care and supported housing services listed in paragraph 3.2 of this report;
2. To delegate authority to the Acting Director of Adults' Services following consultation with the Corporate Director of Law Probity and Governance and Monitoring Officer the power to decide to enter into all necessary agreements and undertake any other ancillary matter to give effect to the decision referred to in recommendation 1;
3. To authorise contractual terms of sixty months for each of the contracts to be let for the services listed in paragraph 3.2 of this report, that being an initial term of thirty-six months with the option to extend this initial term by two periods of twelve months each.
4. To authorise the direct award of contracts to existing providers of these services listed in paragraph 3.3 of this report for the duration identified for each service in order to ensure continuity of service provision to residents while new contracts are procured and let;

5. To delegate authority to the Acting Director of Adults' Services following consultation with the Corporate Director of Law Probity and Governance and Monitoring Officer the power to decide to enter into all necessary agreements and undertake any other ancillary matter to give effect to the decision referred to in recommendation 4;
6. To delegate authority to the Acting Director of Adults' Services following consultation with the Cabinet Member for Health and Adult Services, the Corporate Director of Law Probity and Governance and Monitoring Officer the power to exercise the contractual extension clauses contained in contracts for the social care and supported housing services listed in paragraph 3.6 of this report subject to being satisfied with performance and value for money.

### **5.13 Future commissioning arrangements for domiciliary care services previously commissioned from Majlish Homecare Services**

Councillor Amy Whitelock Gibbs, Cabinet Member for Health and Adults' Services, introduced the report on future commissioning arrangements for certain domiciliary care services. She highlighted that a similar report had been presented at the last Cabinet meeting where the decision had been taken to reject four listed options and to either select Option A or Option B. Details were provided in the report.

She recommended that Option B be chosen for the reasons set out in the new report.

The **Mayor** confirmed that there had been a number of discussions about this issue and that, whilst Option A had some merits, Option B was recommended as the safe option at the current time. He therefore **agreed** the recommendations as set out in the report.

#### **RESOLVED**

1. To agree that the domiciliary care services previously provided by Majlish Homecare Services, and currently directly provided by the Council, be included in the scope of the domiciliary care services tender to be advertised in January 2016;
2. To authorise the Acting Director of Adults' Services following consultation with the Director of Law, Probity and Governance and Monitoring Officer to enter into any necessary negotiations and other processes required by the Transfer of Undertakings (Protection of Employment) Regulations regarding the transfer of any persons deemed to be employees employed by the Council for the provision of the service as at the date of transfer, to those providers from whom services are subsequently commissioned.

3. To authorise the Acting Director of Adults' Services following consultation with the Corporate Director of Resources, Director of Law Probity and Governance and Monitoring Officer to enter into all necessary negotiations with a view to reach agreement with workers in the service in respect of any continuous period of employment proposed to be offered to them by the Council until such time as the tender process is complete and any employees are transferred to new employers.
4. To note the intention that the tender process referred to in recommendation 1 above is the means by which a range of contractual requirements will be introduced with the express aim of improving the terms and conditions of individuals who will be employed to deliver the service by the successful bidders in line with the Mayoral commitment to explore how to introduce the Ethical Care Charter into domiciliary care services in the borough.

#### **5.14 Collaborative Agreement on Sexual Health**

Councillor Amy Whitelock Gibbs, Cabinet Member for Health and Adults' Services, introduce the report. She welcomed the proposed collaborative agreement on sexual health as a positive development that would provide better services and ensure the Council received better value for money. Some smaller similar projects had already saved over £2 million. She highlighted the risks set out in the report but also noted that there were greater risks in not participating.

The **Mayor** welcomed the report and **agreed** the recommendations as set out.

#### **RESOLVED**

1. To agree that the London Borough of Tower Hamlets can join the London Sexual Health Transformation Project and the supporting east London commissioning with delegations that will enable the work to be taken forward.
2. To delegate authority to the Director of Public Health to approve the Council's participation in the pan-London agreements on cross charging, lead commissioning and integrated sexual health tariff.
3. To approve the Council's participation in a pan London procurement for a web-based system to include a 'front-end' portal, joined up partner notification and home/self-sampling. This will include the council being named in a Prior Indicative Notice (PIN) and Official Journal of European Union Notice (OJEU).
4. To approve the Council's participation in sub-regional arrangements for commissioning and procurement of Genitourinary Medicine (GUM) and Contraception and Sexual Health Service (CaSH) Services.

5. To delegate authority to award contracts, as set out in the recommendations 2. to 4. above, to the Director of Public Health following consultation with the Head of the Legal Services, Chief Financial Officer and the Portfolio Holders for Finance and Health and Well Being.

### **5.15 Unpaid Carers Scrutiny Challenge Session Report & Action Plan**

Councillor Amy Whitelock Gibbs, Cabinet Member for Health and Adults' Services, introduced the report highlighting its important contribution in tackling the significant problem of supporting the work of unpaid carers. She welcomed Scrutiny's involvement and the proposed action plan which included some exciting proposals, for example around Care Centre collaboration.

Councillor Asma Begum, Cabinet Member for Culture, also spoke to the report having been the Scrutiny Lead on the original challenge session. She explained that the session had focussed on how well the Council was implementing the Care Act 2014 which made it a legal requirement for the Council to assess unpaid carers who may be impacted by their caring role.

The **Mayor** agreed that this was important work for the Council to prioritise and endorsed the proposed action plan. He **agreed** the recommendation as set out.

#### **RESOLVED**

1. To note the scrutiny challenge session report as agreed by the Health Scrutiny Panel on 9<sup>th</sup> September 2015 (Appendix 1 to the report) and agree the action plan in response to the review recommendations. (Appendix 2 to the report).

### **5.16 Tower Hamlets Cycle Strategy**

Councillor Ayas Miah, Cabinet Member for Environment, introduced the report. He explained that it sought approval for a new cycle strategy. There had been a high number of responses to the consultation process which demonstrated strong support from residents.

The **Mayor** introduced Councillor Dave Chesterton as his cycling champion.

Councillor Dave Chesterton updated the meeting on his engagement work with local cycling groups. He highlighted a number of proposals in the report including around traffic calming, cycle storage and on street lockers. He noted that annual update reports would be provided.

Councillor Peter Golds, Leader of the Conservative Group, addressed the meeting. He welcomed the report and highlighted that it was important that any strategy addressed issues for all highway users. He considered that education should also be targeted at cyclists to ensure their appropriate use of the highway.

Following a discussion of the report, the **Mayor** thanked all those who had worked on the strategy and **agreed** the recommendation as set out in the report.

### **RESOLVED**

1. To approve the attached document as the Council's Cycle Strategy 2015-2025.

## **5.17 List of Mayor's Individual Executive Decisions**

The **Mayor** introduced the report. He noted that he had signed a further decision today on the Best Value Action Plan for Communications. He **agreed** the recommendation as set out.

### **RESOLVED**

1. To note the Individual Mayoral Decisions set out in Appendix 1.

## **6. ANY OTHER UNRESTRICTED BUSINESS CONSIDERED TO BE URGENT**

Nil items.

## **7. EXCLUSION OF THE PRESS AND PUBLIC**

Nil items.

## **8. EXEMPT / CONFIDENTIAL MINUTES**

Nil items.

## **9. OVERVIEW & SCRUTINY COMMITTEE**

### **9.1 Chair's Advice of Key Issues or Questions in Relation to Exempt / Confidential Business**

Nil items.

### **9.2 Any Exempt / Confidential Decisions "Called in" by the Overview & Scrutiny Committee**

Nil items.



**10. ANY OTHER EXEMPT/ CONFIDENTIAL BUSINESS CONSIDERED TO BE URGENT**


Nil items.

The meeting ended at 7.30 p.m.

MAYOR JOHN BIGGS

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# Agenda Item 5.2

<b>CABINET</b>  <b>2 February 2016</b>	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Zena Cooke, Corporate Director Resources	<b>Classification:</b> Unrestricted
<b>Treasury Management Strategy Statement For 2016-17</b>	

<b>Lead Member</b>	<b>Councillor David Edgar, Cabinet Member for Resources</b>
<b>Originating Officer(s)</b>	Bola Tobun - Investment & Treasury Manager
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	(Decision to be taken by Council)
<b>Community Plan Theme</b>	<b>One Tower Hamlets</b>

## Summary

- 1) The council is required by legislation and guidance to produce three strategy statements in relation to its treasury management arrangements. The three statements are:
  - a) a policy statement on the basis of which provision is to be made in the revenue accounts for the repayment of borrowing – Minimum Revenue Provision (MRP) Policy Statement;
  - b) a Treasury Management Strategy Statement which sets out the council's proposed borrowing for the financial year and establishes the parameters (prudential and treasury indicators) within which officers under delegated authority may undertake such activities; and
  - c) an annual Investment Strategy which sets out the council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 2) This report also deals with the setting of Prudential Indicators for 2016-17, which ensure that the council's capital investment decisions remain affordable, sustainable and prudent; the proposed indicators are detailed in Appendix 1. Under of the government's self-financing arrangements for the Housing Revenue Account (HRA) there are specific indicators relating to HRA capital investment.
- 3) The council is required to have regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2011) which requires the following:
  - a) Treasury Management Policy Statement which sets out the policies and objectives of the council's treasury management activities (Appendix 4);

- b) Treasury Management Practices which set out the manner in which the council will seek to achieve those policies and objectives;
  - c) Approval by Full Council of Minimum Revenue Provision Policy, an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and prudential indicators for the year ahead together with arrangements for a Mid-year Review Report and an Annual Report covering activities during the previous year;
  - d) Clear delegated responsibility for overseeing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions. For this Council the delegated body is the Audit Committee. The scheme of delegation for treasury management is shown in Appendix 5.
- 4) Officers will report details of the council's treasury management activity to the Audit Committee at each of its meetings during the year. Additionally, a mid-year and full-year report will be presented to Full Council. More detailed reporting arrangements are shown in Appendix 6.
- 5) The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training will be arranged as required for members of the Audit Committee who are charged with reviewing and monitoring the council's treasury management policies. The training of treasury management officers is also periodically reviewed and enhanced as appropriate.

### **Recommendations**

It is recommended that the Mayor in Cabinet to note the report and approve for submission to Full Council to:

- i) Adopt the following policy and strategies:
  - a) The Minimum Revenue Provision Policy Statement set out in section 2 at annex A attached to this report;
  - b) The Treasury Management Strategy Statement set out in sections 5 - 6 at annex A attached to this report;
  - c) The Annual Investment Strategy set out in s sections 5 - 6 at annex A attached to this report, which officers involved in treasury management, must then follow;
- ii) Approve the prudential and treasury management indicators as set out in appendix 1; and
- iii) Delegate to the Corporate Director Resources, after consultation with the Lead Member for Resources, authority to vary the figures in this report to reflect any decisions made in relation to the Capital Programme prior to submission to Budget Council.

## 1 **REASONS FOR DECISIONS**

- 1.1 It is consistent with the requirements of treasury management specified by CIPFA, to which the council is required to have regard under the Local Government Act 2003 and regulations made under that Act, for the council to produce three strategy statements to support the Prudential Indicators which ensure that the council's capital investment plans are affordable, sustainable and prudent. The three documents that the council should produce are:
- Minimum Revenue Provision Policy Statement
  - Treasury Management Strategy, including prudential indicators
  - Investment Strategy

## 2 **ALTERNATIVE OPTIONS**

- 2.1 The council is bound by legislation to have regard to the CIPFA requirements for treasury management. If the council were to deviate from those requirements, there would need to be some good reason for doing so. It is not considered that there is any such reason, having regard to the need to ensure that the council's capital investment plans are affordable, sustainable and prudent.
- 2.2 The strategies and policy statement put forward in the report are considered the best methods of achieving the CIPFA requirements. Whilst it may be possible to adopt variations of the strategies and policy statement, this would risk failing to achieve the goals of affordability, sustainability and prudence.

## 3. **BACKGROUND**

- 3.1 The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the council's low risk appetite, providing adequate liquidity primarily before considering investment return.
- 3.2 The second main function of the treasury management service is the funding of the council's capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer term cash flow planning to ensure that the council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses.
- 3.3 CIPFA defines treasury management as:
- “The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 3.4 **REPORTING REQUIREMENTS** -The council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

- I. **A treasury management strategy statement** (this report) – it covers:
    - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
    - the capital plans (including prudential indicators);
    - the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
    - an investment strategy (the parameters on how investments are to be managed).
  - II. **A mid year treasury management report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.
  - III. **A treasury outturn report** – This provides details of annual actual prudential and treasury indicators and annual actual treasury operations compared to the annual estimates within the strategy.
- 3.5 The council uses Capita Asset Services, Treasury solutions as its external treasury management advisors. The council recognises that responsibility for treasury management decisions remains with the organisation at all times and officers will ensure that undue reliance is not placed upon the external service providers.
- 3.6 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members' responsible for scrutiny. Training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

### **The 2015/16 Strategy**

- 3.7 The Strategy for 2015/16 was approved by Full Council in February 2015 and set the following objectives:-
- a) The use of certificates of deposits (CDs) which allow authorities to invest with highly secure counterparties such as HSBC and Standard Chartered which would not normally be accessed by the council through other means;
  - b) Given the large cash balances and the difficulty in identifying opportunities to lend at suitable rates within the counterparty list it is necessary to increase the level of investment possible with the most secure organisations. Therefore counterparties money limits were increased, for higher quality banks to £30m, medium quality to £25m and lower to £10m;
  - c) Increasing each money market funds investment limit to £25m from £15m;
  - d) Investing up to £50m of core cash for over 1 year if rates were to improve.
  - e) The use of core cash for internal borrowing if not used for longer term investments.

### **Current Investment Position and Performance**

- 3.8 The councils have deposit of £100m outstanding with the part nationalised banking groups (Royal Bank of Scotland (£40m) and Lloyds banking group £60) and the challenge ahead will be to address the decline in the Government holding in Lloyds Banking Group and the impact that this could have on the counterparty limit that the council currently applies to this entity.
- 3.9 The council treasury adviser (Capita) has removed Lloyds group from part nationalised classification as the Government stakes have been reduced to less than 15%. However based on Lloyds banking group current credit ratings the monetary and time limits that applied to this establishment based on the council credit worthiness policy are a monetary limit of £20m and a maximum time limit of 6 months. The council currently has £60m of investment outstanding with the group. No more transactions are being carried out with the group. All deposits are less than one year to maturity; these investments would now be managed down to the council's current monetary and time limits for the institution.
- 3.10 Barclays Bank S&P Long Term rating was lowered to A- which leaves it one notch below that set in the council's Investment Strategy for 2015/16. The outlook is Stable, which suggests that there is no risk of a further downgrade in the near term. This should offer comfort to the council that the bank is not an immediate risk. We have been advised by Capita that this change is not a reflection of a worsening position of the bank, but the re-assessment of the manner in which the agency treats sovereign support. This is being applied to all UK and global institutions and is not unique to Barclays. The council's remaining investment with the bank matures on 5th April 2016. This was undertaken prior to this change so were transacted when the bank met the council's criteria.
- 3.11 Investments over 1 year is standing at £25m and were all invested with Royal Bank of Scotland for two years duration.
- 3.12 The council has not borrowed short or long term to date.
- 3.13 The council's budgeted investment return of £2.45m for 2015/16, with average rate of return 0.7% for average portfolio balances of £350m. Just over £2.6m of investment income has been earned year to 31 December 2015.

<b>Benchmark</b>	<b>Council Performance</b>	<b>Investment Interest Earned as at 31 Dec 2015</b>
0.35%	0.78%	£2.615m

### **TREASURY MANAGEMENT STRATEGY FOR 2016/17**

- 3.14 The strategy for 2016/17 covers two main areas:

#### **Capital issues**

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

### **Treasury management issues**

- prospects for interest rates;
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the council;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy;
- service/policy investments.

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

### **Developing the Strategy for 2016/17**

3.16 In formulating and executing the strategy for 2016/17, the council will continue to have regard for the DCLG's guidance on Local Government Investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectional Guidance Notes.

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

3.18 The council will also achieve optimum return on its investments commensurate with proper levels of security and liquidity. The borrowing of monies purely to on lend and make a return is unlawful and the council will not engage in such activity.

3.19 The council, in conjunction with its treasury management advisor, Capita Asset Services, will use Fitch, Moodys and Standard and Poors ratings to derive its credit criteria. All credit ratings will be monitored daily. The council is alerted to changes in ratings of all agencies through its use of Capita's creditworthiness service.

3.20 If a downgrade means the counterparty or investment fund no longer meets the council's minimum criteria, its use for further investment will be withdrawn immediately. If funds are already invested with the downgraded institution, a decision will be made by the Corporate Director Resources whether to withdraw the funds and potentially incur a penalty.

3.21 If an institution or fund is placed under negative rating watch (i.e. there is a probability of a rating change in the short term and the likelihood of that change being negative) and it is currently at the minimum acceptable rating for placing investments, no further investments will be made with that institution.



- 3.22 The Corporate Director Resources will have delegated responsibility to add or withdraw institutions from the counterparty list when ratings change, either as advised by Capita Assets Services (the council's advisors) or from another reliable market source.
- 3.23 Changes to Credit Rating Methodology: The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level.
- 3.24 In keeping with the agencies' new methodologies, the rating element of our advisers' credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AAA, apart from United Kingdom.
- 3.25 It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution. They are merely reflective of a reassessment of rating agency methodologies in light of legislated and future expected changes to the regulatory environment in which financial institutions operate.
- 3.26 While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support.
- 3.27 As a consequence of the above, the minimum Fitch credit ratings for the council's investment policy:  
Short Term: 'F1' the same criteria as last year  
Long Term: 'A-' a notch down from last year criteria 'A'
- 3.28 Other market intelligence will also be used to determine institutions' credit worthiness, such as financial press, financial broker advice and treasury management meetings with other authorities, e.g. London Treasury Officers Forum. If this information shows a negative outcome, no further investments will be made with that body.
- 3.29 The strategy will permit the use of unrated building societies or challenger banks with assets in excess of £1.5bn for investment purposes.
- 3.30 The strategy proposes the continued use of core cash of up to £50m to be held for longer term investment of over one year, if the rates are appealing.
- 3.31 To delegate authority to Corporate Director Resources to use alternative forms of investment, should the appropriate opportunity arise to use them, and should it be prudent and of advantage to the council to do so. This

delegated authority is subject to prior consultation with the Lead Member for Corporate Finance on any possible use of these instruments.

### **Capital Programme and Prudential Borrowing**

- 3.32 As part of the development of the prudential indicators attached as Appendix C, which form part of the treasury management strategy, the council must consider the affordability of its capital programme.
- 3.33 In the past the programme has been financed by the use of capital resources such as receipts from asset sales and grants. The affordability of the programme is therefore calculated by the lost revenue income from the possible investment of the resources.
- 3.34 The authority to borrow up to £13m in 2016/17, £12m in 2017/18 and £40m in 2018/19 for the financing of capital expenditure is included in the current capital programme and the current prudential indicators. If the council is to borrow, the affordability of the capital programme has been included in assessing the cost of borrowing along with the loss of investment income from the use of capital resources held in cash.
- 3.35 The current long term borrowing rate from the Public Works Loan Board is 3.53% for 25 years. Were the council to temporarily borrow the necessary resources from its own cash balances rather than complete a further one year investment it would save the equivalent of 2.7% of the amount borrowed. The affordability of the capital programme has been calculated based upon the assumption that internal borrowing would occur initially.
- 3.36 Should rates move quicker than the forecast predicts, the current and proposed strategies do allow the Corporate Director Resources to take advantage of external borrowing.

### **Investment Return Budget to 2018/19**

- 3.37 A cash flow projection up to March 2019 has been created reflecting the spending proposals in the Budget Strategy 2016/17 onwards. The cash flow projection and the interest rates forecast shows that anticipated investment income of £3.0m for 2016/17, based on average cash balance of £300m and average investment return of 0.9%. The anticipated investment income of £2.5m with average cash balance of £250m is budgeted for 2017/18 and £2.5m with average cash balance of £200m for 2018/19. The council may need to accept a higher level of risk in order to achieve these targets, whilst maintaining due regard for security of capital and liquidity.
- 3.38 With reference to the proposal to use internal borrowing to finance the capital programme, as set out in the Capital Programme and Prudential Borrowing in annex A, the investment income suggested by the cash flow projection may be provided in part from internal charges or through the surplus generated by commercialisation projects.

### **Minimum Revenue Provision 2016/17**

- 3.39 Where spend is financed through the creation of debt, the council is required to pay off an element of the accumulated capital spend each year. The total debt is identified as the capital financing reserve and ensures that the council

includes external and internal borrowing along with other forms of financing considered to be equivalent to borrowing.

- 3.40 The payment is made through a revenue charge (the minimum revenue provision - MRP) made against the council's expenditure, although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).
- 3.41 The assumption is to borrow up to a maximum of £35m through the most economically advantageous method, as decided by the Corporate Director Resources, from: internal borrowing of core cash balances; PWLB loans; or other reputable sources of lending.
- 3.42 It is recommended that because of budget constraints in the medium term the adoption of the existing statutory calculation which is based on 4% of the aggregate assumed borrowing for general fund capital investment - termed the Capital Financing requirement (CFR) as the basis of the councils MRP relating to supported borrowing
- 3.43 The council will use the asset life method for the calculation of the Minimum Revenue Provision on all future unsupported borrowing.
- 3.44 Council could utilise the resources invested in expenditure on key priority outcomes. However the core cash held by the council is either set aside for future expenditure, such as the capital programme, or held as a form of risk mitigation, such as the minimum level of revenue balances. To utilise these resources for alternative projects would put the council at future risk should an unforeseen event occur.

#### **4 COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 4.1 The comments of the Corporate Director Resources are incorporated in the report.

#### **5. LEGAL COMMENTS**

- 5.1 The Local Government Act 2003 provides a framework for the capital finance of local authorities. It provides a power to borrow and imposes a duty on local authorities to determine an affordable borrowing limit. It provides a power to invest. Fundamental to the operation of the scheme is an understanding that authorities will have regard to proper accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in carrying out capital finance functions.
- 5.2 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require the council to have regard to the CIPFA publication "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" ("the Treasury Management Code") in carrying out capital finance functions under the Local Government Act 2003. If after having regard to the Treasury Management Code the council wished not to follow it, there would need to be some good reason for such deviation.
- 5.3 It is a key principle of the Treasury Management Code that an authority should put in place "comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities". Treasury management activities cover the management

of the council's investments and cash flows, its banking, money market and capital market transactions, the effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks. It is consistent with the key principles expressed in the Treasury Management Code for the council to adopt the strategies and policies proposed in the report.

- 5.4 The report proposes that the treasury management strategy will incorporate prudential indicators. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 also requires the council to have regard to the CIPFA publication "Prudential Code for Capital Finance in Local Authorities" ("the Prudential Code") when carrying out its duty under the Act to determine an affordable borrowing limit. The Prudential Code specifies a minimum level of prudential indicators required to ensure affordability, sustainability and prudence. The report properly brings forward these matters for determination by the council. If after having regard to the Prudential Code the council wished not to follow it, there would need to be some good reason for such deviation.
- 5.5 The Local Government Act 2000 and regulations made under the Act provide that adoption of a plan or strategy for control of a local authority's borrowing, investments or capital expenditure, or for determining the authority's minimum revenue provision, is a matter that should not be the sole responsibility of the authority's executive and, accordingly, it is appropriate for the Cabinet to agree these matters and for them to then be considered by Full Council.
- 5.6 The report sets out the recommendations of the Acting Corporate Director Resources in relation to the council's minimum revenue provision, treasury management strategy and its annual investment strategy. The Acting Corporate Director Resources has responsibility for overseeing the proper administration of the council's financial affairs, as required by section 151 of the Local Government Act 1972 and is the appropriate officer to advise in relation to these matters.
- 5.7 When considering its approach to the treasury management matters set out in the report, the council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). A proportionate level of equality analysis is required and there is information relevant to this in section 17 of the report.

## **6 ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 Capital investment will contribute to achievement of the corporate objectives, including all those relating to equalities and achieving One Tower Hamlets. Establishing the statutory policy statements required facilitates the capital investments and ensures that it is prudent.

## **7. BEST VALUE (BV) IMPLICATIONS**

- 7.1 The Treasury Management Strategy and Investment Strategy and the arrangements put in place to monitor them should ensure that the council optimises the use of its monetary resources within the constraints placed on the council by statute, appropriate management of risk and operational requirements.
- 7.2 Assessment of value for money is achieved through:
- Monitoring against benchmarks

- Operating within budget

## 8 **SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

8.1 There are no sustainable actions for a greener environment implication.

## 9 **RISK MANAGEMENT IMPLICATIONS**

9.1 There is inevitably a degree of risk inherent in all treasury activity.

9.2 The Investment Strategy identifies the risk associated with different classes of investment instruments and sets the parameters within which treasury activities can be undertaken and controls and processes appropriate for that risk.

9.3 Treasury operations are undertaken by nominated officers within the parameters prescribed by the Treasury Management Policy Statement as approved by the council.

9.4 The council is ultimately responsible for risk management in relation to its treasury activities. However, in determining the risk and appropriate controls to put in place the council has obtained independent advice from Capita Treasury Services who specialise in Council treasury issues.

## 10 **CRIME AND DISORDER REDUCTION IMPLICATIONS**

10.1 There are no any crime and disorder reduction implications arising from this report.

## **ANNEX**

Annex A – Treasury Management Strategy Statement For 2016-17

## **APPENDICES**

Appendix 1 – Prudential and Treasury Indicators

Appendix 2 – Definition of Credit Ratings

Appendix 3 – Counter Party Credit Rating List

Appendix 4 – Treasury Management Policy Statement

Appendix 5 – Treasury Management Scheme of Delegation

Appendix 6 – Treasury Management Reporting Arrangement

Appendix 7 - Glossary

## **Local Government Act, 1972 Section 100D (As amended)**

### **List of “Background Papers” used in the preparation of this report**

<b>Brief description of “background papers”</b>	<b>Name and telephone number of holder and address where open to inspection.</b>
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*Bola Tobun, x4733, Mulberry Place*

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# Annex A

## **Treasury Management Strategy Statement Minimum Revenue Provision Policy Statement and Annual Investment Strategy**

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**London Borough of Tower Hamlets  
2016/17**

## 1. **BACKGROUND**

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

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

1.3 CIPFA defines treasury management as:

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

1.4 **REPORTING REQUIREMENTS** -The council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

I. **An annual treasury management strategy statement** (this report) – it covers:

- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the capital plans (including prudential indicators);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

II. **A mid year treasury management report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

III. **A treasury outturn report** – This provides details of annual actual prudential and treasury indicators and annual actual treasury operations compared to the annual estimates within the strategy.

1.5 **SCRUTINY** - The above reports are required to be adequately scrutinised before being recommended to the council. This role is being undertaken by the Auditee Committee and or Cabinet.

1.6 **Treasury management consultants** - The council uses Capita Asset Services, Treasury solutions as its external treasury management advisors. The council recognises that responsibility for treasury management decisions remains with the organisation at all times and officers will ensure that undue reliance is not placed upon the external service providers.



1.7 **Training** - The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

1.8 **TREASURY MANAGEMENT STRATEGY FOR 2016/17**

The strategy for 2016/17 covers two main areas:

**Capital issues**

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

**Treasury management issues**

- prospects for interest rates;
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the council;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy;
- service/policy investments.

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

## 2. **MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT**

- 2.1 The council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP).
- 2.2 The Department of Communities and Local Government (DCLG) require Councils to establish a policy statement on the MRP and has published guidance on the four potential methodologies to be adopted.
- 2.3 The guidance distinguishes between supported borrowing which relates to assumed borrowing which is incorporated into the Government's Formula Grant calculation and consequently has an associated amount of government grant and unsupported borrowing. Unsupported borrowing is essentially prudential borrowing the financing costs of which have to be met by the council locally.
- 2.4 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made pending finalisation of transitional arrangements following introduction of Self-Financing.
- 2.5 The DCLG guidance provides two options for the calculation of the MRP associated with each classes of borrowing.
- 2.6 The two options for the supported borrowing are variants of the existing statutory calculation which is based on 4% of the aggregate assumed borrowing for general fund capital investment - termed the Capital Financing requirement (CFR). The two options are:
- **Option 1** (Regulatory Method): To continue the current statutory calculation based on the gross CFR less a dampening factor to mitigate the impact on revenue budgets of the transition from the previous system. This calculation is further adjusted to repay debt transferred to the council when the Inner London Education Authority (ILEA) was abolished.
  - **Option 2** (Capital Financing Requirement Method): The statutory calculation without the dampener which will increase the annual charge to revenue budget.
- 2.7 The options purely relate to the timing of debt repayment rather than the gross amounts payable over the term of the loans. The higher MRP payable under option 2 will accelerate the repayment of debt.
- 2.8 It is recommended that because of budget constraints in the medium term the existing statutory calculation with the ILEA adjustment be adopted as the basis of the councils MRP relating to supported borrowing.
- 2.9 The guidance provides two options for the MRP relating to unsupported borrowing. The options are:-
- **Option 3** (Asset Life Method): To repay the borrowing over the estimated life of the asset with the provision calculated on either an equal instalment or annuity basis. This method has the advantage of simplicity and relating repayments to the period over which the asset is providing benefit.

- **Option 4** (Depreciation Method): A calculation based on depreciation. This is extremely complex and there are potential difficulties in changing estimated life and residual values.

- 2.10 It is recommended that option 3 is adopted for unsupported borrowing.
- 2.11 The council is required under regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 to determine for each financial year an amount of minimum revenue provision which it considers to be prudent.
- 2.12 **It is proposed that the council makes Minimum Revenue Provision using Option 1 (Regulatory Method) for supported borrowing and Option 3 (Asset Life Method) for unsupported borrowing.**

### **THE CAPITAL PRUDENTIAL INDICATORS 2016/17 – 2018/19**

- 3.1 Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.
- 3.2 **Capital expenditure** - This prudential indicator is a summary of the council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

<b>Capital expenditure £m</b>	<b>2014/15 Actual</b>	<b>2015/16 Revised Estimate</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>
Adults' Services	0.281	0.401	5.046	0.750	-
Children's Services	15.174	16.177	31.675	8.000	-
Communities, Localities & Culture	7.114	10.031	12.348	2.876	2.130
Building Schools for the Future	11.673	1.014	-	-	-
Development & Renewal (Non Housing)	11.289	3.571	5.676	-	-
Corporate	9.496	0.350	34.000	0.500	-
Housing – Non HRA	1.212	2.224	0.730	0.000	0.000
<b>Total Non-HRA</b>	<b>56.238</b>	<b>33.768</b>	<b>89.475</b>	<b>12.126</b>	<b>2.130</b>
Housing - HRA	76.852	83.732	138.315	39.531	56.667
<b>Total HRA</b>	<b>76.852</b>	<b>83.732</b>	<b>138.315</b>	<b>39.531</b>	<b>56.667</b>
<b>Total</b>	<b>133.090</b>	<b>117.500</b>	<b>227.790</b>	<b>51.657</b>	<b>58.797</b>

- 3.3 **Other long term liabilities** - The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.
- 3.4 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital expenditure £m	2014/15 Actual	2015/16 Revised Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Non-HRA	56.238	33.768	89.475	12.126	2.130
HRA	76.852	83.732	138.315	39.531	56.667
<b>Total</b>	<b>133.090</b>	<b>117.500</b>	<b>227.790</b>	<b>51.657</b>	<b>58.797</b>
<b>Financed by:</b>					
<i>Grant</i>	(76.441)	(42.754)	(33.546)	(10.150)	(2.130)
<i>Major Repairs Allowance</i>	(9.940)	(37.565)	(32.860)		
<i>Schools Contribution</i>	(0.810)	(1.258)	(0.198)		
<i>Capital Receipts</i>	(8.548)	(3.242)	(45.449)	(12.786)	(17.000)
<i>S106 (Developers Contributions)</i>	(7.839)	(10.076)	(48.566)	(1.476)	
<i>Supported Capital Expenditure</i>	(3.300)				
<i>Revenue (GF)</i>	(4.361)	(0.844)	(2.000)		
<i>Reserve</i>	(4.493)	(19.593)	(48.761)	(15.078)	
<i>HRA</i>	(7.719)	(1.768)	(3.400)	(0.500)	
<b>Total Financed</b>	<b>(123.451)</b>	<b>(117.100)</b>	<b>(214.780)</b>	<b>(39.990)</b>	<b>(19.130)</b>
<b>Prudential Borrowing</b>	<b>9.639</b>	<b>0.400</b>	<b>13.010</b>	<b>11.667</b>	<b>39.667</b>

- 3.5 **The council's borrowing need (the Capital Financing Requirement)** - The second prudential indicator is the council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

**The council is asked to approve the CFR projections below:**

£m	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
<b>Capital Financing Requirement</b>					
CFR – housing	69.675	67.407	77.950	87.302	124.656
CFR – non housing	157.842	153.142	148.275	143.295	138.348
<b>Total CFR</b>	<b>227.517</b>	<b>220.549</b>	<b>226.225</b>	<b>230.598</b>	<b>263.003</b>
<b>Movement in CFR</b>		<b>(6.969)</b>	<b>5.676</b>	<b>4.373</b>	<b>32.406</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	9.639	0.400	13.010	11.667	39.667
Less MRP/VRP and other financing movements	(9.639)	(7.369)	(7.334)	(7.294)	(7.261)
<b>Movement in CFR</b>	<b>0.000</b>	<b>(6.969)</b>	<b>5.676</b>	<b>4.373</b>	<b>32.406</b>

- 3.6 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the council's overall finances.
- 3.7 The council has set the following **affordability prudential indicators** as prescribed by the code and these are set out below and detailed in Appendix 1.
- 3.8 **Ratio of financing costs to net revenue stream** - This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report.

%	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Non-HRA	1.39%	0.00%	0.00%	0.00%	0.00%
HRA	3.70%	3.67%	4.36%	4.97%	6.95%

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

£	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
<b>Council tax - band D (per annum)</b>	67.32	71.87	78.56	82.54	86.71

- 3.10 **Estimates of the incremental impact of capital investment decisions on housing rent levels** - Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels. This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

£	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
<b>Weekly housing rent levels</b>	5.18	5.36	6.448	7.364	10.382

#### 4. **PROSPECTS FOR INTEREST RATES**

- 4.1 The borrowing and investment strategy is in part determined by the economic environment within which it operates. The treasury advisor to the council is Capita Asset Services and part of their service is to assist the council to formulate a view on interest rates. The following table gives Capita's overall view on interest rates for the next three years.

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 Year	25 year	50 year
Dec 2015	0.50	2.30	2.90	3.60	3.50
Mar 2016	0.50	2.40	3.00	3.70	3.60
Jun 2016	0.75	2.60	3.10	3.80	3.70
Sep 2016	0.75	2.70	3.20	3.90	3.80
Dec 2016	1.00	2.80	3.30	4.00	3.90
Mar 2017	1.00	2.80	3.40	4.10	4.00
Jun 2017	1.25	2.90	3.50	4.10	4.00
Sep 2017	1.50	3.00	3.60	4.20	4.10
Dec 2017	1.50	3.20	3.70	4.30	4.20
Mar 2018	1.75	3.30	3.80	4.30	4.20
Jun 2018	1.75	3.40	3.90	4.40	4.30
Sep 2018	2.00	3.50	4.00	4.40	4.30
Dec 2018	2.00	3.50	4.10	4.40	4.30
Mar 2019	2.00	3.60	4.10	4.50	4.40

- 4.2 **UK** - UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, probably being second to the US. However, quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a rebound in quarter 2 to +0.7% (+2.4% y/y) before weakening again to +0.5% (2.3% y/y) in quarter 3.
- 4.3 The November Bank of England Inflation Report included a forecast for growth to remain around 2.5 – 2.7% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015. Investment expenditure is also expected to support growth. However, since the August Inflation report was issued, most worldwide economic statistics have been weak and the November Inflation Report flagged up particular concerns for the potential impact on the UK.
- 4.4 The Inflation Report was also notably subdued in respect of the forecasts for inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013.
- 4.5 However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but a second, more recent round of falls in fuel prices will now delay a significant tick up in inflation from around zero: this is now expected to get back to

around 1% in the second half of 2016 and not get to near 2% until 2017, though the forecasts in the Report itself were for an even slower rate of increase. There is considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate.

- 4.6 **USA** - The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.1% in quarter 3. The run of strong monthly increases in nonfarm payrolls figures for growth in employment in 2015 has prepared the way for the Fed. to embark on its long awaited first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.
- 4.7 **Eurozone (EZ)** - In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to an improvement in economic growth.
- 4.8 GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and +0.3% in quarter 3. However, this lacklustre progress in 2015 together with the recent downbeat Chinese and emerging markets news, has prompted comments by the ECB that it stands ready to strengthen this programme of QE by extending its time frame and / or increasing its size in order to get inflation up from the current level of around zero towards its target of 2% and to help boost the rate of growth in the EZ.
- 4.9 **Greece** - During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.
- 4.10 **Portugal and Spain** - The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost power. A left wing / communist coalition has taken power in Portugal which is heading towards unravelling previous pro austerity reforms. This outcome could be replicated in Spain. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.
- 4.11 In conclusion investment returns are likely to remain relatively low during 2016/17 and beyond;

- a) Borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets.
- b) Gilt yields have continued to remain at historically phenomenally low levels during 2015. The policy of avoiding new borrowing by running down spare cash balances, has served the council well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when the council will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- c) In light of the above, there will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

## 5. **TREASURY MANAGEMENT CONSIDERATIONS AND DEVELOPMENT**

- 5.1 The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The council anticipates its fund balances in 2016/17 to average around £300m, if we persist with the policy of internal borrowing to fund the council's underlying need to borrow.
- 5.2 The Pension Fund surplus cash will continue to be invested in accordance with the council's Treasury Management Strategy agreed by Full Council, under the delegated authority of the Corporate Director Resources to manage within agreed parameters.
- 5.3 The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.
- 5.4 **Core funds and expected investment balances** – The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales, etc.).

Detailed below are estimates of the year end balances of investments.

<b>Year End Resources</b>	<b>2014/15 Actual</b>	<b>2015/16 Projected Outturn</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>
Expected Investments	£385.9m	£350m	£300m	£250m	£200m

- 5.5 **Current portfolio position** - The council's treasury portfolio position at 31 March 2015, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.



£m	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
<b>External Debt</b>					
Debt at 1 April	89.564	88.893	88.928	100.048	109.810
Expected change in Debt	(0.842)	(0.671)	(0.365)	(1.890)	(1.505)
New borrowing	9.639	0.400	13.010	11.667	39.667
Other long-term liabilities (OLTL)	39.410	38.472	37.508	36.303	34.956
Expected change in OLTL	(0.938)	(0.938)	(0.964)	(1.205)	(1.347)
<b>Actual gross debt (Inc. PFI) at 31 March</b>	<b>136.833</b>	<b>126.156</b>	<b>138.117</b>	<b>144.923</b>	<b>181.581</b>
<b>The Capital Financing Requirement (Inc. PFI)</b>	<b>227.517</b>	<b>220.549</b>	<b>226.225</b>	<b>230.598</b>	<b>263.003</b>
<b>Under / (over) borrowing</b>	<b>90.685</b>	<b>94.393</b>	<b>88.108</b>	<b>85.675</b>	<b>81.422</b>

- 5.6 Within the prudential indicators there are a number of key indicators to ensure that the council operates its activities within well-defined limits. One of these is that the council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.
- 5.7 The Corporate Director of Resources reports that the council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.
- 5.8 **Treasury Indicators: limits to borrowing activity for 2015-16 to 2018-19**  
Treasury indicators are about setting parameters within which officers can take treasury management decisions. The council has set the following treasury indicators as prescribed by the Code and these are set out below and also detailed in Appendix 1:

- **Authorised Limit for External Debt** – The upper limit on the level of gross external debt permitted. It must not be breached without Full Council approval.

**The council is asked to approve the following authorised limit:**

Authorised limit £m	2015/16 Projected Outturn	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Borrowing & OLTL	245.549	251.225	255.598	288.003
Headroom	20.000	20.000	20.000	20.000
<b>Total</b>	<b>265.549</b>	<b>271.225</b>	<b>275.598</b>	<b>308.003</b>

- **Operational Boundary for External Debt** – Most likely and prudent view on the level of gross external debt requirement. Debt includes external borrowings and other long term liabilities.

Operational Boundary £m	2015/16 Projected Outturn	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
Debt	207.077	213.717	219.295	253.047
Other long term liabilities	38.472	37.508	36.303	34.956
<b>Total</b>	<b>245.549</b>	<b>251.225</b>	<b>255.598</b>	<b>288.003</b>

- **HRA Debt Limit** – The HRA Self Financing regime came into effect on 1 April 2012. The new regime imposes a maximum HRA CFR on the council. For the council this has been set at £184m following repayment of HRA debt totalling £236.2m by Government as part of debt settlement that preceded the implementation of the HRA Self Financing regime. In 2014, As part of the Local Growth Fund LBTH were awarded £8.225m of additional HRA borrowing capacity, so in effect the HRA debt cap will go up from £184m to £192m.

HRA Debt Limit £m	2015/16 Projected Outturn	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
HRA debt cap	192.000	192.000	192.000	192.000
HRA CFR	67.407	77.950	87.302	124.656
<b>HRA Headroom</b>	<b>124.593</b>	<b>114.050</b>	<b>104.698</b>	<b>67.344</b>

### Investment returns expectations

- 5.9 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).
- 5.10 Policy Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2016. Bank Rate forecasts for financial year ends (March) are:
- 2016/17 1.00%
  - 2017/18 1.50%
  - 2018/19 2.00%
- 5.11 There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.
- 5.12 The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next three years are as follows:
- 2016/17 0.90%
  - 2017/18 1.50%
  - 2018/19 2.00%
- 5.13 **Investment treasury indicator and limit** - total principal funds invested for greater than 1 year. These limits are set with regard to the council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

- 5.14 **Investments Longer than a Year:** The Code of Practice requires the council to give consideration to longer-term investment and set an upper limit for principal sums to be invested for longer than one year. The council currently has £25m of investments invested for longer than one year.
- 5.16 Therefore taking all of the foregoing into consideration, to allow the council flexibility to invest in high quality counterparties such, as the UK Government, it is recommended that the council set an upper limit for principal sums to be invested for longer than one year at £50 million for 2016/17, £50 million for 2017/18, £50 million for 2018/19, £40 million for 2019/20 and £40m for 2020/21.

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

<b>Maximum principal sums invested &gt; 1 year</b>			
<b>£m</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Principal sums invested > 1 year	£50m	£50m	£50m

- 5.17 For its cash flow generated balances, the council will seek to utilise money market funds and short-dated deposits (overnight to 100 days), such as its Santander 95 days call account in order to benefit from the compounding of interest.
- 5.18 **Provision for Credit-related Losses** - If any of the council’s investments appear at risk of loss due to default, provision would need to be made from revenue for the appropriate amount. The council has no exposure to any banking failure.

## 6. **BORROWING STRATEGY**

- 6.1 The council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.
- 6.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2016/17 treasury operations. The Corporate Director Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
  - if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in the anticipated rate to US tapering of asset purchases, or in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.
- 6.3 Any decisions will be reported to the Cabinet and the full Council at the next available opportunity.
- 6.4 The council's borrowing strategy will give consideration to new borrowing in the following order of priority: -
- The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if the opportunity is missed for taking loans at long term rates which will be higher in future years.
  - Temporary borrowing from the money markets or other local authorities
  - PWLB variable rate loans for up to 10 years
  - Short dated borrowing from non PWLB below sources
  - Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintaining an appropriate balance between PWLB and market debt in the debt portfolio.
  - PWLB borrowing for periods under 10 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a concentration in longer dated debt

- 6.5 The council will continue to borrow in respect of the following:
- Maturing debt (net of minimum revenue provision).
  - Approved unsupported (prudential) capital expenditure.
  - To finance cash flow in the short term.
- 6.6 The type, period, rate and timing of new borrowing will be determined by the Corporate Director Resources under delegated powers, taking into account the following factors:
- Expected movements in interest rates as outlined above.
  - Current maturity profile.
  - The impact on the medium term financial strategy.
  - Prudential indicators and limits.
- 6.7 **Treasury management limits on borrowing activity** - There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:
- **Upper limits on variable interest rate exposure** - This identifies a maximum limit for variable interest rates based upon the debt position net of investments
  - **Upper limits on fixed interest rate exposure** - This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
  - **Maturity structure of borrowing** - These gross limits are set to reduce the council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

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

	2016/17	2017/18	2018/19
<b>Interest rate exposures</b>			
	<b>Upper %</b>	<b>Upper %</b>	<b>Upper %</b>
<b>Limits on fixed interest rates based on net debt</b>	100	100	100
<b>Limits on variable interest rates based on net debt</b>	50	50	50
<b>Limits on fixed interest rates:</b>			
• <i>Debt only</i>	100	100	100
• <i>Investments only</i>	100	100	100
<b>Limits on variable interest rates</b>			
• <i>Debt only</i>	20	20	20
• <i>Investments only</i>	20	20	20

<b>Maturity structure of fixed interest rate borrowing 2016/17</b>		
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	10%
12 months to 2 years	0%	30%
2 years to 5 years	0%	40%
5 years to 10 years	0%	80%
10 years and above	0%	100%
<b>Maturity structure of variable interest rate borrowing 2016/17</b>		
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years and above	0%	100%

- 6.8 **Policy on borrowing in advance of need** - The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds.
- 6.9 Borrowing in advance will be made within the constraints that:
- It will be limited to no more than 75% of the expected increase in borrowing need (CFR) over the three year planning period; and
  - Would not look to borrow more than 12 months in advance of need.
- 6.10 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual outturn reporting mechanism.
- 6.11 **Debt rescheduling** - As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
- 6.12 The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
  - helping to fulfil the treasury strategy;
  - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 6.13 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 6.14 All rescheduling will be reported to the Cabinet and Council, at the earliest meeting following its implementation.

## **7. ANNUAL INVESTMENT STRATEGY**

- 7.1 **Changes to Credit Rating Methodology:** The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these "uplifts" with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have "netted" each other off, to leave underlying ratings either unchanged or little changed. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency.
- 7.2 In keeping with the agencies' new methodologies, the rating element of our advisers credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used for Standard & Poor's, this has been a change in the use of Fitch and Moody's ratings. It is important to stress that the other key elements to the process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.
- 7.3 The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, clients typically assigned the highest sovereign rating to their criteria, the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AAA. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.
- 7.4 It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution. They are merely reflective of a reassessment of rating agency methodologies in light of legislated and future expected changes to the regulatory environment in which financial institutions operate.
- 7.5 While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the "support" phase of the financial crisis.

- 7.6 **Investment policy** - The council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The council's investment priorities will be security first, liquidity second, then return.
- 7.7 in order to minimise the risk to investments, the council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.
- 7.8 Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.
- 7.9 As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. The council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
- 7.10 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- 7.11 Investment instruments identified for use in the financial year are listed in section 13.9 and 13.10, under the 'specified' and 'non-specified' investments categories.
- 7.12 **In summary** – considering the factors set out in Paragraphs 5 to 7, the recommended Investment Strategy is that:
- I. The cash balances, not immediately required to finance expenditure, are lent to the money market for the most appropriate periods as indicated by the cash flow model and current market and economic conditions;
  - II. Liquidity is maintained by the use of overnight deposits, MMF and call accounts;
  - III. The minimum amount of short-term cash balances required to support monthly cash flow management is £75 million;
  - IV. The upper limit for investments longer than one year is £50 million;
  - V. The maximum period for longer term lending is 5 years;
  - VI. All investment with institutions and investment schemes is undertaken in accordance with the council's creditworthiness criteria as set out at section 13;
  - VII. More cautious investment criteria are maintained during times of market uncertainty;
  - VIII. All investment with institutions and investment schemes is limited to the types of investment set out under the council's approved "Specified" and



“Non-Specified” Investments detailed at section 13, and that professional advice continues to be sought where appropriate;

- IX. All investment is managed within the council’s approved investment/asset class limits.

### **Creditworthiness Policy**

- 7.13 The primary principle governing the Council’s investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the council will ensure that:
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
  - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the council’s prudential indicators covering the maximum principal sums invested.
- 7.14 The Corporate Director Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the council may use, rather than defining what types of investment instruments are to be used.
- 7.15 The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the council’s minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the council’s criteria, the other does not, and the institution will fall outside the lending criteria.
- 7.16 Credit rating information is supplied by Capita Asset Services, the council treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. This does not apply to the unrated building societies or banks whereby they are selected based on enhanced credit analysis.
- 7.17 The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) are:
- 1) Banks with good credit quality – the council will only use banks which:
    - i. are UK banks; and/or
    - ii. are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AAA

And have, as a minimum, the following Fitch, Moody's and Standard and Poor's credit ratings (where rated):

- i. Short Term – 'F1'
- ii. Long Term – 'A'

(N.B. Viability, Financial Strength and Support ratings have been removed and will not be considered in choosing counterparties.)

- 2) Part nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Bank above.
- 3) The council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- 4) Bank subsidiary and treasury operation - The council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- 5) Unrated/Challengers Banks – The council will use unrated banks with assets in excess of £1.5bn. When investing with such institution, the council will carry out an enhanced credit analysis in understanding the institution, its financials and credit capabilities.
  - I. The "RAG" framework will be used for Building societies as well as Banks, for the council to evaluate and compare security and liquidity of investment opportunities.
  - II. The "RAG" (Red, Amber or Green) indicator framework is generally used to identify the strength of a company's financial numbers.
  - III. For example, all the financials there will be pre-set categories which will classify institutions outcomes as Red, Amber or Green. These pre-set categories are industry dependent; e.g. a retail company is expected to generate higher cash flow than a bank.
- 6) Building societies - The council will use all building societies in the UK which:
  - iii. Meet the ratings for banks outlined above;
  - iv. Have assets in excess of £1.5bn;  
or meet both criteria.
- 7) Money market funds – AAA
- 8) Enhanced money market funds (EMMFs) – AAA
- 9) Certificates of Deposits
- 10) Corporate Bonds
- 11) Covered Bonds
- 12) UK Government (including gilts, treasury bills and the Debt management Account Deposit Facility, (DMADF))
- 13) Local authorities, parish councils, Police and Fire Authorities
- 14) Supranational institutions

7.18 **The council is asked to approve the minimum credit rating required for an institution to be included in the council’s counterparty list as follows:**

Agency	Long-Term	Short-Term
Fitch	A-	F1
Moody’s	A3	P-1
Standard & Poor’s	A-	A-1
Sovereign Rating	AAA	
Money Market Fund	AAA	

7.19 **Country and Product considerations** - Due care will be taken to consider the country, group and sector exposure of the council’s investments. In part, the country selection will be chosen by the credit rating of the sovereign state in Banks above. In addition:

- No more than a maximum amount of £75m or 25% of the investments portfolio will be placed with any individual non-UK country with AAA sovereign rating at any time;
- limits in place above will apply to a group of institutions within a non UK country;
- Product limits will be monitored regularly for appropriateness.

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

**Time and monetary limits applying to investments**

7.21 **Specified Investments:** It is recommended that the council should make Specified investment as detailed below, all such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum ‘high credit’ quality criteria where applicable. The council will continue its policy of lending surplus cash to counterparties that have high credit ratings, defining ‘high credit rating’ as being F1 Fitch short-term and A- long-term credit rating or equivalent Moody’s or Standard and Poor’s rating.

	<b>Fitch Long term Rating (or equivalent)</b>	<b>Money Limit</b>	<b>Time Limit</b>
Term Deposits (Banks - higher quality)	<i>Short-term F1+, Long-term AA</i>	£30m	1 year
Term Deposits (Banks – medium (high) quality)	<i>Short-term F1, Long-term A+</i>	£25m	1 year
Term Deposits (Banks – medium (low) quality)	<i>Short-term F1, Long-term A</i>	£20m	1 year
Term Deposits (Banks - lower quality)	<i>Short-term F1, Long-term A-</i>	£10m	6 months
Banks - part nationalised (per group)	N/A	£70m	1 year
Council's banker (not meeting lending criteria)	XXX	£25m	1 day
DMADF	N/A	unlimited	6 months
Local authorities	N/A	£20m	1 year
Treasury Bills	Long Term AAA	No Limit	1 year
UK Government Gilts	N/A	No Limit	1 year
Covered Bonds	Long Term AAA	£25m	1 year
Non-UK Government Bonds	Sovereign AAA Long Term AAA	£25m	1 year
Certificates of Deposits	As Term Deposits above	As Term Deposits above	As Term Deposits above
Corporate Bond Funds	As Term Deposits above	As Term Deposits above	As Term Deposits above
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)</b>			
	<b>Fund rating</b>	<b>Money Limit (per fund)</b>	<b>Time Limit</b>
Money market funds (Sterling)	AAA	£25m	liquid
Enhanced Cash Funds	AAA/V1	£20m	liquid
Cash Funds	AAA	£20m	liquid
Bond Funds	AAA	£20m	liquid

**Non-Specified Investments:**

- 7.22 All investments that do not qualify as specified investments are termed non-specified investments. The table below details the total percentage of the Annual Principal Sums that can be Invested for more than 1 year and can be held in each category of investment, for example 100% of the Principal Sums limit can be held with the UK Government at any one time.
- 7.23 **Unrated banks, building societies and other institutions** are classed as non-specified investments irrespective of the investment period. When investing with this institution, the council will carry out an enhanced credit analysis in understanding the institution, its financials and credit capabilities.
- 7.24 The “RAG” (Red, Amber or Green) framework will be used by the council to evaluate and compare the security and liquidity elements of investment opportunities with unrated institutions as deemed appropriate.
- 7.25 The “RAG” indicator framework is generally used to identify the strength of a company’s financial numbers. For example, all for the financial sector there will be pre-set categories which will classify institutions outcomes as Red, Amber or Green. These pre-set categories are industry dependent; e.g. a retail company is expected to generate higher cash flow than a bank.

**In assessing investment opportunities with unrated UK Banks, Building Societies and other Institutions the council will look at the following metrics:**

Ratio	Red	Amber	Green
Total Debt / Equity	<5	5-10	>10
Net Interest Margin	<0	0-1.5	>1.5
CET1 Ratio	<9	9-13%	>13%
Capital Adequacy Ratio	<0	10-12%	>12%
Total Capital Ratio	<8	8-14%	>14%

Ratio	Red	Amber	Green
Tangible Equity Ratio	<3	3-5	>5
Loan to Deposit Ratio	>110	100-110	<100
Non-performing loan Ratio	>5	2-5	<2
Return on Equity	<0%	0-10%	>10%
Dividend yield	0-8%	8-12%	>12%
P/E Ratio	<0	0-10	>10%

- 7.26 Whilst the council look for as many ‘greens’ as possible, a balance of ratios that indicate long-term solvency and ability for the institution to service and repay debts is most important.

**Minimum Criteria for considering Unrated Institutions with money and time limits:**

	<b>Institution Assets Value</b>	<b>Money Limit</b>	<b>Time Limit</b>
Unrated UK Building Societies & Challenger Banks with assets in excess of:	£1.5bn £2.0bn	£3m £5m	6 months 12 months

7.27 It is considered that the maximum nominal value of overall investments that the council should hold for more than 1 year and less than 5 years is £50m. (Investments with maturity over a year) The prudential indicator figure of £50m is therefore recommended.

**The credit criteria for non-specified investments are detailed in the table below:**

<b>Institution</b>	<b>Fitch Long term Rating (or Equivalent)</b>	<b>Time Limit</b>	<b>Monetary Limit</b>
Term deposits – Banks and Building Societies	Short-term F1+, Long-term AA-	3 years	£25m
Structured Deposits: Fixed term deposits with variable rate and variable maturities	Short-term F1+, Long-term AA-	3 years	£25m
Part Nationalised or Wholly Owned UK Banks	N/A	3 years	£25m
Certificates of Deposits	Short-term F1+, Long-term AA-	3 years	£25m
Corporate Bonds	Short-term F1+, Long-term AA-	5 years	£25m
Covered Bonds	Long Term AAA	5 years	£25m
UK Government Gilts	N/A	5 years	100% of Investment Portfolio

**The council is asked to approved the above criteria for specified and all non-specified investments.**

7.28 Country limits - The council has determined that it will only use approved counterparties from non UK countries with a minimum sovereign credit rating of AAA from Fitch (or equivalent). A counterparty list will be compiled based on this sovereign rating of AAA and in accordance with the council's minimum credit rating

criteria policy for institutions and qualified institutions will be added to this list, and unqualified institutions will be removed from the list, by officers as deemed appropriate. Please see Appendix 3 for qualified countries and their institutions as of 12/01/2016.

## **APPENDICES**

*Appendix 1 – Prudential and Treasury Indicators*

*Appendix 2 – Definition of Credit Ratings*

*Appendix 3 – Current Counter Party Credit Rating List*

*Appendix 4 – Treasury Management Policy Statement*

*Appendix 5 – Treasury Management Scheme of Delegation*

*Appendix 6 – Treasury Management Reporting Arrangement*

*Appendix 7 - Glossary*

### **Local Government Act, 1972 Section 100D (As amended)**

#### **List of “Background Papers” used in the preparation of this report**

<b>Brief description of “background papers”</b>	<b>Name and telephone number of holder and address where open to inspection.</b>
<i>Capital Asset Services TMSS Report Template Excerpt from Metro Bank Presentations (January 2015)</i>	<i>Bola Tobun, x4733, Mulberry Place</i>

**PRUDENTIAL AND TREASURY MANAGEMENT INDICATORS**

<b>Prudential Indicators</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>Extract from Estimate and rent setting reports</b>	<b>Actual</b>	<b>Projected Outturn</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	£m	£m	£m	£m	£m
<b>Capital Expenditure</b>					
Non – HRA	56.238	33.768	89.475	12.126	2.130
HRA	76.852	83.732	138.315	39.531	56.667
<b>TOTAL</b>	<b>133.090</b>	<b>117.500</b>	<b>227.790</b>	<b>51.657</b>	<b>58.797</b>
<b>Ratio of Financing Costs To Net Revenue Stream</b>					
Non – HRA	0.30%	0.00%	0.00%	0.00%	0.00%
HRA	3.70%	3.67%	4.36%	4.97%	6.95%
	£m	£m	£m	£m	£m
<b>Gross Debt and Capital Financing Requirement</b>					
Gross Debt	136.833	126.156	138.117	144.923	181.581
Capital Financing Requirement	227.517	220.549	226.225	230.598	263.003
Over/(Under) Borrowing	(90.685)	(94.393)	(88.108)	(85.675)	(81.422)
<b>In Year Capital Financing Requirement</b>					
Non – HRA	0.000	0.350	0.150	0.000	0.000
HRA	0.000	0.050	12.860	11.667	39.667
<b>TOTAL</b>	<b>0.000</b>	<b>0.400</b>	<b>13.010</b>	<b>11.667</b>	<b>39.667</b>
<b>Capital Financing Requirement as at 31 March</b>					
Non - HRA	157.842	153.142	148.275	143.295	138.348
HRA	69.675	67.407	77.950	87.302	124.656
<b>TOTAL</b>	<b>227.517</b>	<b>220.549</b>	<b>226.225</b>	<b>230.598</b>	<b>263.003</b>
<b>Incremental Impact of Financing Costs (£)</b>					
Increase in Council Tax (band D) per annum	67.317	71.865	78.560	82.535	86.711
Increase in average housing rent per week	5.176	5.363	6.448	7.364	10.382



Treasury Management Indicators	2014/15	2015/16	2016/17	2017/18	2018/19
	<b>Actual</b>	<b>Projected Outturn</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	£m	£m	£m	£m	£m
<b>Authorised Limit For External Debt -</b> Borrowing & Other long term liabilities	245.720	245.549	251.225	255.598	288.003
Headroom	20.000	20.000	20.000	20.000	20.000
<b>TOTAL</b>	<b>265.720</b>	<b>265.549</b>	<b>271.225</b>	<b>275.598</b>	<b>308.003</b>
<b>Operational Boundary For External Debt -</b> Borrowing	213.107	207.077	213.717	219.295	253.047
Other long term liabilities	39.410	38.472	37.508	36.303	34.956
<b>TOTAL</b>	<b>252.517</b>	<b>245.549</b>	<b>251.225</b>	<b>255.598</b>	<b>288.003</b>
<b>Gross Borrowing</b>	<b>136.833</b>	<b>126.156</b>	<b>138.117</b>	<b>144.923</b>	<b>181.581</b>
<b>HRA Debt Limit*</b>	<b>184.381</b>	<b>192.000</b>	<b>192.000</b>	<b>192.000</b>	<b>192.000</b>
<b>Upper Limit For Fixed Interest Rate Exposure</b> Net principal re fixed rate borrowing / investments	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Upper Limit For Variable Rate Exposure</b> Net interest payable on variable rate borrowing / investments	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>
<b>Upper limit for total principal sums invested for over 12 months</b> (per maturity date)	<b>£50m</b>	<b>£50m</b>	<b>£50m</b>	<b>£50m</b>	<b>£50m</b>

Maturity structure of new fixed rate borrowing during 2016/17	Upper Limit	Lower Limit
under 12 months	10%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	80%	0%
10 years and above	100%	0%

**Support Ratings**

Rating	
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-term rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-term rating floor of 'BBB-'.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'BB-'.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'B'.
5	A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-term rating floor no higher than 'B-' and in many cases no floor at all.

**Short-term Ratings**

Rating	
F1	<b>Highest credit quality.</b> Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	<b>Good credit quality.</b> A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	<b>Fair credit quality.</b> The capacity for timely payment of financial commitments is adequate; however, near-term adverse changes could result in a reduction to non-investment grade.

**Long -term Ratings**

Rating	Current Definition (August 2003)
<b>AAA</b>	<b>Highest credit quality.</b> 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
<b>AA</b>	<b>Very high credit quality.</b> 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
<b>A</b>	<b>High credit quality.</b> 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
<b>BBB</b>	<b>Good credit quality.</b> 'BBB' ratings indicate that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions is more likely to impair this capacity. This is the lowest investment-grade category.

# London Borough of Tower Hamlets

## List of Approved Counterparties for Lending as at 12/01/2016

Counterparty		Fitch Ratings		Moody's Ratings		S&P Ratings	
		Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
<b>Australia</b>		AAA		Aaa		AAA	
Banks	Australia and New Zealand Banking Group Ltd.	AA-	F1+	Aa2	P-1	AA-	A-1+
	Commonwealth Bank of Australia	AA-	F1+	Aa2	P-1	AA-	A-1+
	Macquarie Bank Ltd.	A	F1	A2	P-1	A	A-1
	National Australia Bank Ltd.	AA-	F1+	Aa2	P-1	AA-	A-1+
	Westpac Banking Corp.	AA-	F1+	Aa2	P-1	AA-	A-1+
<b>Canada</b>		AAA		Aaa		AAA	
Banks	Bank of Montreal	AA-	F1+	Aa3	P-1	A+	A-1
	Bank of Nova Scotia	AA-	F1+	Aa2	P-1	A+	A-1
	Canadian Imperial Bank of Commerce	AA-	F1+	Aa3	P-1	A+	A-1
	National Bank of Canada	A+	F1	Aa3	P-1	A	A-1
	Royal Bank of Canada	AA	F1+	Aa3	P-1	AA-	A-1+
	Toronto-Dominion Bank	AA-	F1+	Aa1	P-1	AA-	A-1+
<b>Denmark</b>		AAA		Aaa		AAA	
Banks	Danske A/S	A	F1	A2	P-1	A	A-1
<b>Germany</b>		AAA		Aaa		AAA	
Banks	DZ BANK AG Deutsche Zentral-Genossenschaftsbank	AA-	F1+	Aa2	P-1	AA-	A-1+
	Landesbank Berlin AG			A1	P-1		
	Landesbank Hessen-Thüringen Girozentrale	A+	F1+	A1	P-1	A	A-1
	Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	AAA	A-1+
	NRW.BANK	AAA	F1+	Aa1	P-1	AA-	A-1+
<b>Netherlands</b>		AAA		Aaa		AAA	
Banks	ABN AMRO Bank N.V.	A	F1	A2	P-1	A	A-1
	Bank Nederlandse Gemeenten N.V.	AA+	F1+	Aaa	P-1	AAA	A-1+
	Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)	AA-	F1+	Aa2	P-1	A+	A-1
	ING Bank N.V.	A	F1	A1	P-1	A	A-1
	Nederlandse Waterschapsbank N.V.			Aaa	P-1	AAA	A-1+
<b>Singapore</b>		AAA		Aaa		AAA	
Banks	DBS Bank Ltd.	AA-	F1+	Aa1	P-1	AA-	A-1+
	Oversea-Chinese Banking Corp. Ltd.	AA-	F1+	Aa1	P-1	AA-	A-1+
	United Overseas Bank Ltd.	AA-	F1+	Aa1	P-1	AA-	A-1+
<b>Sweden</b>		AAA		Aaa		AAA	
Banks	Nordea Bank AB	AA-	F1+	Aa3	P-1	AA-	A-1+

	Skandinaviska Enskilda Banken AB	A+	F1	Aa3	P-1	A+	A-1
	Svenska Handelsbanken AB	AA-	F1+	Aa2	P-1	AA-	A-1+
	Swedbank AB	A+	F1	Aa3	P-1	AA-	A-1+
<b>Switzerland</b>		AAA		Aaa		AAA	
Banks	Credit Suisse AG	A	F1	A1	P-1	A	A-1
	UBS AG	A	F1	Aa3	P-1	A	A-1
<b>United Kingdom</b>		AA+		Aa1		AAA	
AAA rated and Government backed securities	Debt Management Office						
Banks	Bank of Scotland PLC	A+	F1	A1	P-1	A	A-1
	Close Brothers Ltd	A	F1	Aa3	P-1		
	Co-operative Bank PLC (The)	B	B	Caa2	NP		
	Goldman Sachs International Bank	A	F1	A1	P-1	A	A-1
	HSBC Bank PLC	AA-	F1+	Aa2	P-1	AA-	A-1+
	Lloyds Bank Plc	A+	F1	A1	P-1	A	A-1
	Santander UK PLC	A	F1	A1	P-1	A	A-1
	Standard Chartered Bank	A+	F1	Aa2	P-1	A+	A-1
	Sumitomo Mitsui Banking Corporation Europe Ltd	A	F1	A1	P-1	A	A-1
	UBS Ltd.	A	F1	A1	P-1	A	A-1
	Ulster Bank Ltd	BBB+	F2	A3	P-2	BBB	A-2
Building Society	Coventry Building Society	A	F1	A2	P-1		
	Cumberland Building Society						
	Leeds Building Society	A-	F1	A2	P-1		
	Nationwide Building Society	A	F1	A1	P-1	A	A-1
	Newcastle Building Society	BB+	B				
	Nottingham Building Society			Baa1	P-2		
	Principality Building Society	BBB+	F2	Baa3	P-3		
	Progressive Building Society						
	Skipton Building Society	BBB+	F2	Baa2	P-2		
	West Bromwich Building Society			B1	NP		
Yorkshire Building Society	A-	F1	A3	P-2			
Nationalised and Part Nationalised Banks	National Westminster Bank PLC	BBB+	F2	A3	P-2	BBB+	A-2
	The Royal Bank of Scotland Plc	BBB+	F2	A3	P-2	BBB+	A-2

## Treasury Management Policy Statement

The London Borough of Tower Hamlets defines the policies and objectives of its treasury management activities as follows: -

1. This organisation defines its treasury management activities as:  
“The management of the authority’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.”

### Policy on use of an External Treasury Advisor

The council shall employ an external treasury advisor to provide treasury management advice and cash management support services. However, the council shall control the credit criteria and the associated counter-party list for investments.

The council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

## Treasury Management Scheme of Delegation

### 1. Full Council / Cabinet

- receiving and reviewing reports on treasury management policies, practices and activities
- receiving the mid-year and annual (outturn) reports
- approval of annual strategy.

### 2. Cabinet /Section 151 Officer

- approval of/amendments to the organisation's adopted clauses and treasury management policy statement
- budget consideration and approval
- approval of the division of responsibilities
- approving the selection of external service providers and agreeing terms of appointment.

### 3. Audit Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.
- receiving and reviewing regular monitoring reports and acting on recommendations

**Treasury Management Reporting Arrangement**

<b>Area of Responsibility</b>	<b>Council/Committee/ Officer</b>	<b>Frequency</b>
Treasury Management Strategy Statement/ Annual Investment Strategy/ Minimum Revenue Provision Policy	Full Council	Annually before the start of the financial year to which policies relate
Mid-Year Treasury Management Report	Full Council	Semi-Annually in the financial year to which policies relate
Updates or revisions to the Treasury Management Strategy Statement/ Annual Investment Strategy/ Minimum Revenue Provision Policy	Audit Committee or Full Council	As necessary
Annual Treasury Outturn Report	Audit Committee and Full Council	Annually by 30 September after the year end to which the report relates
Treasury Management Practices	Corporate Director-Resources	N/A
Scrutiny of Treasury Management Strategy Statement	Overview and Scrutiny Committee (if called in) / Audit Committee	Annually before the start of the financial year to which the report relates
Scrutiny of Treasury Management Performance	Audit Committee	Quarterly




**GLOSSARY**

Asset Life	How long an asset, e.g. a Council building is likely to last.
Borrowing Portfolio	A list of loans held by the council.
Borrowing Requirements	The principal amount the council requires to borrow to finance capital expenditure and loan redemptions.
Capitalisation direction or regulations	Approval from central government to fund certain specified types of revenue expenditure from capital resources.
CIPFA Code of Practice on Treasury Management	A professional code of Practice which regulates treasury management activities.
Capital Financing Requirement (CFR)	Capital Financing Requirement- a measure of the council's underlying need to borrow to fund capital expenditure.
Certificates of Deposits	A certificate of deposit (CD) is a time deposit, a financial product. CDs are similar to savings accounts in that they are insured and thus virtually risk free; they are "money in the bank." They are different from savings accounts in that the CD has a specific, fixed term (often monthly, three months, six months, or one to five years) and, usually, a fixed interest rate. It is intended that the CD be held until maturity, at which time the money may be withdrawn together with the accrued interest.
Commercial paper	Commercial paper is a money-market security issued (sold) by large corporations to obtain funds to meet short-term debt obligations (for example, payroll), and is backed only by an issuing bank or corporation's promise to pay the face amount on the maturity date specified on the note. Since it is not backed by collateral, only firms with excellent credit ratings from a recognized credit rating agency will be able to sell their commercial paper at a reasonable price. Commercial paper is usually sold at a discount from face value, and carries higher interest repayment rates than bonds
Counterparties	Organisations or Institutions the council lends money to e.g. Banks; Local Authorities and MMF.
Corporate bonds	A corporate bond is a bond issued by a corporation. It is a bond that a corporation issues to raise money effectively in order to expand its business. The term is usually applied to longer-term debt instruments, generally with a maturity date falling at least a year after their issue date.
Covered bonds	A covered bond is a corporate bond with one important enhancement: recourse to a pool of assets that secures or "covers" the bond if the originator (usually a financial institution) becomes insolvent. These assets act as additional credit cover; they do not have any bearing on the contractual cash flow to the investor, as is the case with Securitized assets.
Consumer Prices Index & Retail Prices Index (CPI & RPI)	The main inflation rate used in the UK is the CPI. The Chancellor of the Exchequer bases the UK inflation target on the CPI. The CPI inflation target is set at 2%. The CPI differs

	from the RPI in that CPI excludes housing costs. Also used is RPIX, which is a variation of RPI, one that removes mortgage interest payments.
Credit Default Swap (CDS)	A kind of protection that can be purchased by MMF companies from insurance companies (for their investment) in exchange for a payoff if the organisation they have invested in does not repay the loan i.e. they default.
Credit watch	Variety of special programs offered by credit rating agencies and financial institutions to monitor organisation/individual's (e.g. bank) credit report for any credit related changes. A credit watch allows the organisation/individuals to act on any red flags before they can have a detrimental effect on credit score/history.
Credit Arrangements	Methods of Financing such as finance leasing
Credit Ratings	A scoring system issued by credit rating agencies such as Fitch, Moody's and Standard & Poors that indicate the financial strength and other factors of a bank or similar Institution.
Creditworthiness	How highly rated an institution is according to its credit rating.
Debt Management Office (DMO)	The DMO is an agency of the HM Treasury which is responsible for carrying out the Government's Debt Management Policy.
Debt Rescheduling	The refinancing of loans at different terms and rates to the original loan.
Depreciation Method	The spread of the cost of an asset over its useful life.
Gilt	Gilt-edged securities are bonds issued by certain national governments. The term is of British origin, and originally referred to the debt securities issued by the Bank of England, which had a gilt (or gilded) edge. Hence, they are known as gilt-edged securities, or gilts for short. Today the term is used in the United Kingdom as well as some Commonwealth nations, such as South Africa and India. However, when reference is made to "gilts", what is generally meant is "UK gilts," unless otherwise specified.
Interest Rate exposures	A measure of the proportion of money invested and what impact movements in the financial markets would have on them.
The International Monetary Fund (IMF)	is an intergovernmental organisation which states its aims as to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.
Impaired investment	An investment that has had a reduction in value to reflect changes that could impact significantly on the benefits expected from it.
LIBID	The London Interbank Bid Rate – it is the interest rate at which major banks in London are willing to borrow (bid for) funds from each other.

Market Loans	Loans from banks available from the London Money Market including LOBOS (Lender Option, Borrowing Option) which enable the authority to take advantage of low fixed interest for a number of years before an agreed variable rate comes into force.
Money Market Fund (MMF)	A 'pool' of different types of investments managed by a fund manager that invests in lightly liquid short term financial instruments with high credit rating.
Monetary Policy Committee (MPC)	Committee designated by the Bank of England, whose main role is to regulate interest rates.
Minimum Revenue Provision (MRP)	This is the amount which must be set aside from the revenue budget each year to cover future repayment of loans.
Non Specified Investments	Investments deemed to have a greater element of risk such as investments for longer than one year
Premium	Cost of early repayment of loan to PWLB to compensate for any losses that they may incur
Prudential Indicators	Set of rules providing local authorities borrowing for funding capital projects under a professional code of practice developed by CIPFA and providing measures of affordability and prudence reflecting the council's Capital Expenditure, Debt and Treasury Management.
PWLB	Public Works Loan Board, a statutory body whose function is to lend money to Local Authorities (LAs) and other prescribed bodies. The PWLB normally are the cheapest source of long term borrowing for LAs.
Specified Investments	Investments that meet the council's high credit quality criteria and repayable within 12 months.
Supranational bonds	Supranational bonds are issued by institutions that represent a number of countries, not just one. Thus, organisations that issue such bonds tend to be the World Bank or the European Investment Bank. The issuance of these bonds are for the purpose of promoting economic development
Treasury bills (or T-bills)	Treasury bills (or T-bills) mature in one year or less. Like zero-coupon bonds, they do not pay interest prior to maturity; instead they are sold at a discount of the par value to create a positive yield to maturity. Many regard Treasury bills as the least risky investment available.
Unrated institution	An institution that does not possess a credit rating from one of the main credit rating agencies.
Unsupported Borrowing	Borrowing where costs are wholly financed by the council.

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<b>Cabinet Decision</b> 2 February 2016	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Corporate Director Development & Renewal	<b>Classification:</b> Unrestricted
<b>Housing Revenue Account – Budget Report 2016/17 and Adoption of Housing Revenue Account Capital Estimates</b>	

<b>Lead Member</b>	<b>Councillor David Edgar, Cabinet Member for Resources</b> <b>Councillor Sirajul Islam, Statutory Deputy Mayor and Cabinet Member for Housing Management and Performance</b> <b>Councillor Rachel Blake, Cabinet Member for Strategic Development</b>
<b>Originating Officers</b>	Chris Holme, Service Head, Resources Paul Leeson, Finance Business Partner Katherine Ball, Senior Accountant (HRA & Capital)
<b>Wards affected</b>	All
<b>Community Plan Theme</b>	One Tower Hamlets
<b>Key Decision?</b>	<b>Yes</b>

## Executive Summary

This is the second report on the Housing Revenue Account (HRA) for 2016/17, and follows the noting of the Mayor in Cabinet on 5<sup>th</sup> January 2016 regarding the 1% rent decrease, and agreeing tenant service charges. This report seeks Mayoral approval of the draft HRA budget for 2016/17 as set out in Appendix 1, and of the Management Fee payable to Tower Hamlets Homes.

This report also seeks Mayoral approval for the adoption of various housing capital estimates.

## Recommendations

The Mayor in Cabinet is recommended to:-

### Revenue

1. Approve the draft 2016/17 Housing Revenue Account budget as set out in Appendix 1.

2. Approve the draft 2016/17 Management Fee payable to Tower Hamlets Homes (THH) of £33.376 million as set out in Table 7 in section 10.
3. Note that under the Management Agreement between the Council and THH, THH manages delegated income and expenditure budgets on behalf of the Council. The principal delegated income budgets are for rental income and service charges, and the major item of delegated expenditure is repairs and maintenance. In 2016/17, THH will manage delegated income budgets totalling £88.512 million, and delegated expenditure budgets of £24.208 million.
4. Note the HRA Medium Term Financial Plan (2016/17 to 2020/21) outlined in Appendix 2.

#### Capital

1. Adopt a capital estimate of £2 million in relation to external works on priority blocks, as outlined in paragraph 13.3.
2. Adopt a capital estimate of £11.5 million to fund newly arising Decent Homes works as outlined in paragraphs 13.4.
3. Adopt a capital estimate of £3.6 million in relation to Mechanical and Electrical schemes Initiatives as outlined in paragraph 13.5.
4. Adopt a capital estimate of £4 million in relation to Fire Risk Assessment as outlined in paragraphs 13.6.
5. Adopt a capital estimate of £1 million to fund Overcrowding Reduction Initiatives as outlined in paragraph 13.7.
6. Adopt capital estimates for the Aids and Adaptations programme (£750,000), the Capitalisation of Voids (£1.5 million) and the Capitalisation of Fees and Salaries (£650,000) as outlined in paragraph 13.8.
7. Adopt a capital estimate of £200,000 in order to maintain a contingency for urgent works of £1 million, as outlined in paragraph 13.9.

## **1. REASONS FOR THE DECISIONS**

- 1.1 The Mayor is required by the Local Government and Housing Act 1989 to determine a balanced Housing Revenue Account (HRA) budget prior to the start of the new financial year. The Council must also approve the Management Fee payable to Tower Hamlets Homes (THH) so that it can fulfil its obligations under the Management Agreement to manage the housing stock on behalf of the Council.
- 1.2 In accordance with Financial Regulations, capital schemes must be included within the Council's capital programme, and capital estimates adopted prior to any expenditure being incurred. This report seeks the adoption of the necessary capital estimates for various schemes in order that they can be progressed.

## **2. ALTERNATIVE OPTIONS**

- 2.1 The Council has a statutory duty to set a balanced HRA and provide THH with the resources to fulfil its obligations under the Management Agreement. Whilst there may be other ways of delivering a balanced HRA, the proposals contained in this report are considered the most effective, having regard to the matters set out in the report.

## **3. BACKGROUND**

- 3.1 The HRA relates to the activities of the Council as landlord of its dwelling stock, and the items to be credited to the HRA are prescribed by statute. Income is primarily derived from tenants' rents and service charges, and expenditure includes repairs and maintenance and the provision of services to manage the Council's housing stock.
- 3.2 Since 1990 the HRA has been "ring-fenced"; this was introduced as part IV of the Local Government & Housing Act 1989 and was designed to ensure that rents paid by local authority tenants reflect the associated cost of services. This means that the HRA cannot subsidise nor be subsidised by Council Tax i.e. any deficits or surpluses that arise cannot be met from or transferred to the General Fund. In addition, the HRA must remain in balance.
- 3.3 In April 2012, HRA Self-Financing was introduced to replace the national HRA subsidy system. Under Self-Financing, local authorities retain all income but are responsible for all expenditure relating to their housing stock; with local authorities able to make decisions about their stock and engage in long-term planning. Recent policies introduced or announced by the government have substantially reduced the discretion that local authorities are able to exercise, for example in relation to rent setting, tenancy types and asset management.

- 3.4 At its meeting on 5th January 2016, the Mayor in Cabinet considered the 'Housing Revenue Account and Rent Setting report' which noted that a 1% rent decrease will apply for four years, starting in April 2016. This rent reduction has been incorporated into the 2016/17 HRA budget in Appendix 1.
- 3.5 This report is also seeking capital estimates for various Housing Revenue Account schemes.

#### **4. HRA 30 YEAR FINANCIAL MODEL**

- 4.1 Modelling of the HRA financial position prior to the announcement of the four year 1% rent cut indicated that the Authority had sufficient resources to fund the anticipated capital work investment needed over the 30 year period, as well as its agreed programme of new builds. In addition, projections showed a position where the level of HRA reserves would increase over the 30 year period.
- 4.2 The impact of the 1% rent reduction for each of the next four years was modelled and showed a loss of rental income over four years of £24 million, and a loss in excess of £400 million over 30 years (this includes inflation). As a result, if no mitigating action is taken, then – on current assumptions - the Authority will be unable to fund all of the anticipated capital works needed over the 30 year period, with a projected shortfall in the region of £130 million.
- 4.3 The September CPI figure was -0.1%, therefore the impact of a 2016/17 rent cut of 1%, compared to a CPI + 1% rent increase (i.e. 0.9%) is £1.2 million.

#### **5. PROJECTED OUTTURN 2015/16**

- 5.1 Appendix 1 shows the agreed 2015/16 HRA budget. On 5th January 2016, the Mayor in Cabinet considered the 'Performance and Corporate Budget Monitoring Report (Quarter 2)', which reported that the HRA was forecast to underspend by £798,000.

#### **6. SALE OF HIGH VALUE VOID STOCK**

- 6.1 As detailed in the 'Housing Revenue Account Rent Setting report 2016/17' considered by the Mayor in Cabinet on January 5th 2016, the government intends to extend the right to buy to 1.3 million housing association tenants, and to fund the discount given through receipts from the sale of high value Council stock when it becomes void.
- 6.2 Although the detail is not yet available, Table 1 below shows market value thresholds for London as set out by the Conservative Party in an April 2015 press release i.e. it will be assumed that properties valued at above these levels will be considered for sale when they become vacant.

<b>Bed Size</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5+</b>
Market Value Threshold	£340,000	£400,000	£490,000	£790,000	£1,205,000

*Table 1 – Possible market value thresholds in London*



- 6.3 The intention is that local authorities will make upfront payments to the government which represent the market value of their high value stock that is estimated to become vacant during that year.
- 6.4 A recent amendment to the Bill will allow London boroughs to reduce the levy paid to the government if they build two new affordable homes for each one high-value one deemed to be sold. The definition of 'new affordable homes' includes starter homes. There is no further detail at the moment about how this proposal would operate in practice.
- 6.5 Initial modelling showed that, out of its total stock of approximately 12,000 dwellings, the Authority had 527 properties above the London thresholds; this equated to 4.1% of the stock. Research carried out by Inside Housing magazine showed big differences in the estimated impact on local authorities; for example, in London, Camden predicted that using the thresholds in Table 1 would mean that 34% of its stock would be classified as 'high-value', whereas Barking & Dagenham, Hillingdon and Croydon all estimated that none of their stock would be classified as 'high-value'.
- 6.6 It seems likely that in order to avoid such an unequal impact, the government will use a different methodology in order to decide what constitutes 'high-value'; one possibility could be setting 'high value' thresholds for each local authority area.
- 6.7 Table 2 below shows a range of impacts based on differing percentages of the Authority's stock being considered 'high value'.

<b>% of stock considered 'High Value'</b>	<b>No. of stock affected</b>	<b>Annual no. of high-value voids (2% void rate assumed)</b>	<b>Amount of assumed annual receipts (£350k per property assumed)</b>
10%	1,200	24	£ 8.4 m
15%	1,800	36	£12.6 m
20%	2,400	48	£16.8 m
25%	3,000	60	£21.0 m
30%	3,600	72	£25.2 m
35%	4,200	84	£29.4 m

*Table 2 – Possible impact of sale of high-value void policy*

- 6.8 The government is currently undertaking a data collection exercise and has asked local authorities to provide information on their housing stock, including stock numbers, stock types, market values, and void rates over the last three years.

#### Impact on the HRA

- 6.9 There is no further detail about how the scheme will work, but for the purposes of budget planning it has been assumed that, beginning in 2016/17, an annual payment of £8.4 million will be levied on the Authority, and it is not currently

assumed that any stock sales will take place to offset this charge. The medium term financial plan figures (Appendix 2) incorporates this assumed charge in future years.

## **7. PAY TO STAY**

7.1 As detailed in the 'Housing Revenue Account Rent Setting report 2016/17' considered by the Mayor in Cabinet on January 5th 2016, the government intends to introduce a compulsory 'Pay to Stay' scheme in England, whereby registered providers of social housing must charge a high income tenant a higher level of rent. It is anticipated that, in London, households with incomes of over £40,000 will be affected. The Bill does not define what the rent levels will be, although the Government has indicated that the policy is likely to contain a taper.

7.2 It is likely that upfront payments will be made to the government by local authorities, based on assumptions of the number of affected Council households in that local authority area. The extra money raised by local authorities will be used to contribute towards the national deficit reduction.

### Impact on the HRA

7.3 Until more detail is provided, the financial impact on the authority will not be certain, either in terms of the size of the upfront payment(s) that will be payable to the government, or the cost of administering the scheme.

7.4 A potential side-effect of the Pay to Stay scheme is an increase in Right to Buy applications from households facing a significant rent increase. This would increase the one for one receipts retained by the Authority, leading to extra pressure on the HRA to contribute 70% of the funding of new-build schemes needed in order to spend the one for one receipts (see section 8).

7.5 The explanatory notes to the Bill state that "there are approximately 350,000 social rented tenants with household incomes over £30,000 per annum". Government statistics indicate that there are 4 million social rented homes, therefore a reasonable assumption to make is that up to 10% of social rented tenants may be affected. Analysis carried out by Savills in September suggested that 4% of local authority and housing association tenants may be affected.

7.6 The Pay to Stay policy is planned to come into effect in 2017/18, therefore, it is prudent to include an annual sum in the HRA Medium Term Financial Plan to represent the gap between what the Authority will pay to the government, and what it will collect. This gap may arise (1) because the government assumes a higher level of additional rent is due than is actually the case, and/ or (2) because the Authority is not able to collect all of the additional rent levied.

7.7 For budget planning purposes it has been assumed that from 2017/18 onwards, £8 million of additional rent will be payable to the government, but that there will be a 80% collection rate, so the impact on the Authority is a £1.6 million loss.

Again, the medium term financial plan figures (Appendix 2) incorporates this assumed charge in future years.

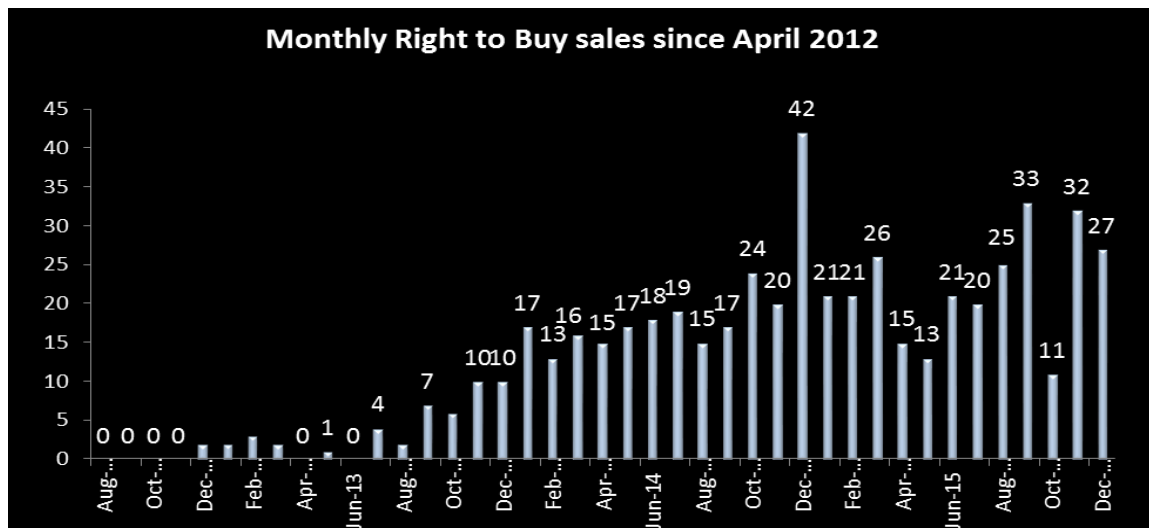
## 8. RIGHT TO BUY

8.1 Recent changes to Right to Buy legislation have led to a current maximum discount of £103,900 from April 2015, and this increases annually in line with the September Consumer Price Index (CPI).

### Right to Buy Applications and Sales to Date

8.2 At the end of December 2015, over 900 RTB applications were in progress.

8.3 Between April 2012 and the end of December 2015 there were 550 RTB sales.



Graph 1– 550 Right to Buy sales have taken place since April 2012

### Future Right to Buy Sales

8.4 The 2015/16 budget assumed 200 sales in 2015/16, however it is now anticipated that there will be 280 sales this year. The HRA Medium Term Financial Plan assumes that there will be 280 sales a year between 2016/17 and 2020/21.

8.5 In addition, the eligibility criteria changed in May 2015, reducing the requirement of five years public sector tenancy to three, making thousands more tenants eligible for Right to Buy.

8.6 A recent amendment to the Housing and Planning Bill will phase out lifetime tenancies in social housing, with new secure tenancies only being granted for a period of between two and five years. The change will not apply to existing tenants, but where a current tenancy passes to a family member, the tenancy will convert to a fixed term.

8.7 It is possible that this change will also lead to an increase in Right to Buy sales in future years if tenants submit Right to Buy applications to avoid the possibility of having to move out if their fixed term tenancy is not renewed. This would be an additional pressure on the HRA.

#### Right to Buy Receipts

8.8 The Authority has an agreement with the government to allow it to retain a proportion of Right to Buy receipts to be spent on replacement social housing, with the following conditions:

- i. Retained one for one receipts cannot fund more than 30% of total spend
- ii. Receipts cannot be used in conjunction with funding from the GLA/HCA
- iii. Receipts must be spent within three years or be returned with interest
- iv. Receipts cannot be given to a body in which the local authority has a controlling interest

8.9 Alternatively, the authority may use the receipts to grant fund another body, such as a Registered Provider (RP).

8.10 As at the end of Q2 of 2015/16, the Authority has £36.6m of one for one retained receipts, the breakdown of which is shown in Table 5 below:

RTB Sales	Quarter Received	Spend Deadline	Retained one for one Receipts (30%) £	Spend needed on social housing £	Council resources needed (70%) £	Cumulative spend needed on social housing £
<b>CURRENT ONE FOR ONE RECEIPTS HELD</b>						
480			36,601,000	122,024,000	85,401,000	122,024,000
<b>PLUS PROJECTED SALES FOR THE REMAINDER OF 2015/16</b>						
70	2015/16 – Q3	31/12/18	6,000,000	20,000,000	14,000,000	142,024,000
50	Q4	31/03/19	4,000,000	13,333,000	9,333,000	155,357,000
			<b>46,601,000</b>	<b>155,357,000</b>	<b>108,734,000</b>	
<b>PLUS PROJECTED SALES FOR 2016/17</b>						
70	2016/17 – Q1	30/06/19	6,000,000	20,000,000	14,000,000	175,357,000
70	Q2	30/09/19	6,000,000	20,000,000	14,000,000	195,357,000
70	Q3	31/12/19	6,000,000	20,000,000	14,000,000	215,357,000
70	Q4	31/03/20	6,000,000	20,000,000	14,000,000	235,357,000
			<b>70,601,000</b>	<b>235,357,000</b>	<b>164,734,000</b>	
<b>PLUS PROJECTED SALES FOR 2017/18</b>						
70	2017/18 – Q1	30/06/20	6,000,000	20,000,000	14,000,000	255,357,000
70	Q2	30/09/20	6,000,000	20,000,000	14,000,000	275,357,000
70	Q3	31/12/20	6,000,000	20,000,000	14,000,000	295,357,000
70	Q4	31/03/21	6,000,000	20,000,000	14,000,000	315,357,000
			<b>94,601,000</b>	<b>315,357,000</b>	<b>220,734,000</b>	

Table 5 – Current retained One for One RTB Receipts and projections for 2016/17 and 2017/18

- 8.11 The Mayor in Cabinet has agreed a strategy for using the one for one receipts:
- to re-model the Ashington East, Hereford, Locksley, Baroness Rd and Jubilee St sites, as well as two additional sites at Tent St and Arnold Rd, using one for one receipts as a funding source where possible (see 8.12);
  - to adopt a capital estimate of £27.3 million to purchase up to 85 former social housing leasehold and/or freehold units;
  - to agree a capital estimate of £7.06 million for a Local Affordable Housing Grant scheme.
- 8.12 As the tenure mix on the re-modelled sites is to be determined, it is not yet clear what quantity of one for one receipts can be used (receipts can only be used to part-fund affordable rented units).
- 8.13 The level of RTB activity remains high, with over 900 live applications as at the end of December. Assuming an additional 119 RTB sales by the end of this year, there could be an additional £10 million of one for one receipts by the end of 2015/16. This would mean that the Authority would have one for one receipts of over £46 million, leading to the need to spend a total of over £155 million on replacement social housing by the end of 2018/19 (see Table 5 above).
- 8.14 If there are 280 Right to Buy sales in both 2016/17 and 2017/18 then by the end of 2017/18 the Authority may hold over £94 million of one for one receipts, meaning that total spend of over £315 million on replacement social housing would be needed by the end of 2020/21 (see Table 5 above).
- 8.15 The HRA capital programme at Appendix 3 includes a notional sum of up to £135.3 million to reflect the 70% council contribution needed in order to spend the £58 million of future one for one receipts forecast to be received during the remaining two quarters of 2015/16, as well as those forecast for 2016/17 and 2017/18; this assumes that the Council itself undertakes to spend the necessary amount on replacement social housing. However, it must be stressed that any future new build schemes will require Cabinet approval on a scheme by scheme basis, and will contain a detailed assessment of the financial viability of the project and its affordability within the HRA. This is particularly important given the deteriorated financial outlook for the HRA outlined in section 11.
- 8.16 It is anticipated that the primary source for the 70% funding that the Authority must contribute will be HRA borrowing, however, once the Authority's HRA borrowing headroom has been depleted, the Authority will have very limited resources available to fund its 70% contribution for replacement social housing. In that case the Authority will need to consider one or more of the following options:
- a) alternative delivery models that could use the receipts
  - b) to pass the one for one receipts to a third party
  - c) to return the one for one receipts immediately (to avoid interest charges);

## **9. WELFARE REFORM**

9.1 The main changes that will affect LBTH tenants are:

- (1) Benefit Cap
- (2) Universal Credit and Direct Payments

### Benefit Cap

9.2 The benefit cap came into effect in Tower Hamlets on August 12<sup>th</sup> 2013 and meant that:

- No family household will receive benefits of more than £500 per week
- No single person household will receive more than £350 per week

9.3 In its Summer Budget the government announced that the Benefit Cap for family households will reduce from £26,000 to £23,000 in London, and from £18,200 to £15,410 for single person households in London, therefore the new weekly limits will be as follows:

- No family household will receive benefits of more than £442 per week
- No single person household will receive more than £296 per week

### Universal Credit

9.4 Universal Credit (UC) is a welfare benefit launched in 2013, which replaces six means-tested benefits and tax credits: Jobseeker's Allowance, Housing Benefit, Working Tax Credit, Child Tax Credit, Employment and Support Allowance and Income Support. Universal credit will be applied for online only and will be paid monthly directly to only one member of the household, except in exceptional circumstances.

9.5 As part of Tranche 1 of the implementation, from March 2015 Universal Credit was rolled out to new, single applicants in Tower Hamlets. It is estimated that approximately 100 Council tenants are claiming Universal Credit.

9.6 It is not yet known when Universal Credit will be rolled out more widely within the borough, and so the cumulative impact on the HRA will not be clear until the various reforms all take effect. Provision was made in the 2015/16 budget for an anticipated increase in the amount of bad debts, but due to the delay in implementing the changes this has not been necessary over the past few years. The budget now includes a provision for bad debts of £600,000 in 2016/17, rising to £1 million in 2019/20. This will be kept under review.

## 10. DRAFT BUDGET 2016/17

### Inflation

- 10.1 September 2015's inflation indices were as follows; the Retail Price Index (RPI) was 0.8% and the Consumer Price Index (CPI) was -0.1%.

### 2016/17 Rent decrease

- 10.2 At its meeting in January 2016, the Mayor in Cabinet noted that there will be a 1% rent cut for each of the next four years, beginning in 2016/17; this has been incorporated into the 2016/17 budget at Appendix 1.

### Tenant Service Charges

- 10.3 At its meeting in January 2016, the Mayor in Cabinet agreed an average 2016/17 increase in tenant service charges from April 2016 of £0.10 per week, and that the communal energy element should be de-pooled from the rent charge. This is reflected in the 2016/17 budget at Appendix 1.

### 2016/17 Inflation – Salaries & National Insurance rates

- 10.4 The Council remains part of the National Joint Council for Local Government Services for negotiating pay award arrangement, and it is anticipated that the 2016/17 pay award will be 1%. As salaries constitute approximately £20 million of the management fee, the calculation of the 2016/17 management fee in Table 7 includes a sum of £227,000 to reflect the effect of a 1% increase in salary costs.
- 10.5 There will also be an increase in National Insurance contribution rates, as from April 2016, both employers and employees will pay the standard rate of National Insurance contributions instead of the contracted-out rate. The management fee includes a sum of £340,000 to reflect this change.

### 2016/17 Budget Reduction - energy

- 10.6 The 2015/16 energy budget has been reduced by £334,000. Current forecasts for 2016/17 energy contract prices are shown in Table 6 below.

<b>Gas &amp; Power</b>	<b>% Purchased</b>	<b>Forecast Variance on 2015/16 Prices</b>
Gas	23%	-24.4%
Half Hourly Electricity	30%	-14.8%
Non Half hourly Electricity	26%	-15.2%
Unmetered supply	33%	-17.0%

*Table 6 - Forecast 2016/17 change in energy prices*

## Management Fee

- 10.7 In February 2015, The Mayor in Cabinet approved the 2015/16 Management Fee payable to THH for services provided to the Council. At £35.116 million, the Management Fee represented the largest single expenditure element of the HRA budget.
- 10.8 Table 7 below shows the calculation of the 2016/17 Management Fee payable to THH. The 2016/17 management fee is £1.7 million lower than in 2015/16, and, after allowing for the unavoidable increases outlined above, incorporates a reduction of £841,000 to represent a 3% efficiency saving target, as well as a reduction of £1.6 million to represent the reduced size of the 2016/17 capital programme compared to 2015/16.

Description	Total Fee £'000
Base Budget 2015/16	35,116
Increase to reflect 2015/16 Pay Award	227
Increase to reflect increase in 2015/16 NI Contributions	340
3% efficiency savings	(841)
Increase in SLA costs	168
Savings due to reduced capital programme	(1,634)
<b>Indicative Management Fee 2016/17</b>	<b>33,376</b>

Table 7 – Calculation of the 2016/17 Management Fee

*\*For the purposes of the management fee, a 2016/17 capital programme of £27m has been assumed compared to a budgeted £71m capital programme in 2015/16.*

## 11. MEDIUM TERM FINANCIAL PLAN

- 11.1 Appendix 2 shows the HRA Medium Term Financial Plan (MTFP) for the five year period 2016/17 to 2020/21.

Overall position on the HRA

- 11.2 The MTFP incorporates various income and expenditure assumptions and includes known changes that will affect the budget, including changes to stock numbers due to assumed right to buy sales and the impact of agreed regeneration schemes, as well as estimates of the effects of new policies, such as pay to stay and sale of high-value voids.
- 11.3 The HRA MTFP is shown at Appendix 2. The previous MTFP position projected a balanced budget over the MTFP period, with substantial annual surpluses forecast, which it was assumed would be used as revenue contributions (RCCOs) to fund the capital programme. The revised position assumes that the HRA will only provide an RCCO of £5 million over the period of the MTFP. This will mean that other funding sources will be needed to make up the shortfall, and, as proposed in the General Fund report elsewhere on this agenda, it is proposed



that £20.2 million of additional New Homes Bonus be allocated to the HRA to fund the HRA capital programme.

- 11.4 The revised MTFP shows that, on current projections, the HRA reserve will reduce over the next few years, and will - if no mitigating action is taken - be below the recommended minimum balance of £5 million in 2020/21.
- 11.5 The main factors that have led to the deteriorated financial position are the following policies, all of which have been announced since July 2015.
- 1% rent cut for four years
  - High value voids levy
  - Pay to Stay levy
- 11.6 In particular, the inclusion of an assumed annual £8.4 million levy for high value voids in addition to the 1% rent reduction has led to a deteriorated position for the HRA. At present there is no indication of the size of the payment that the Authority will make; it could be more or less than the £8.4 million assumed. As stated in paragraph 6.9, the MTFP does not currently assume that any sales will take place to mitigate the impact of the levy; the Housing and Planning Bill does not impose an obligation on Local Authorities to sell their high value stock, only to 'consider' it, but if at least some level of sales does not take place then the HRA will not be sustainable in the medium to long-term.
- 11.7 Although, as referred to in paragraph 6.4, a recent amendment to the Housing and Planning Bill may allow Authorities to pay a reduced level of the high-value void levy if they undertake to build two 'new affordable homes' for each one sold, there is no further detail known at this point and therefore it is not possible to reflect this in the HRA MTFP.
- 11.8 It has also been assumed that beginning in 2017/18, there will be an annual cost to the HRA of non-collection of additional rent due under the Pay to Stay scheme. For planning purposes an initial assumption has been made that £8 million of additional rent will be payable to the Government, but that there will be a 20% non-collection rate, leading to a cost to the HRA of £1.6 million. This assumption will be revised once more details are known.
- 11.9 As referred to in paragraph 9.6, the level of bad debt provision has been reduced to £600,000 in 2016/17 as the implementation dates for Universal Credit and direct payments have slipped, but the provision is forecast to rise to £1 million in 2019/20. As the various reforms take effect, this assumption will be reviewed.
- 11.10 As highlighted in section 8, there is a high level of RTB sales forecast over the next few years, and this has been maintained as a possible response to both the Pay to Stay policy and the proposal to end lifetime tenancies. The accumulation of further one for one receipts will put significant pressure on the HRA if the Authority undertakes to spend the receipts itself.

## Capital Programme and Stock Needs

- 11.11 As referred to in paragraph 4.2, recent modelling indicates that, on present assumptions, the level of capital works projected to be needed on the housing stock over the next 30 years is not affordable.
- 11.12 The following asset management strategy principles were considered by the Tower Hamlets Homes Board in December 2014:
- To maintain on a programmed basis an agreed Tower Hamlets Standard, which includes the Decent Homes Standard;
  - To create attractive neighbourhood environments that feel secure and welcoming;
  - To reduce fuel poverty and condensation experienced by residents, with a reducing overall environmental impact;
  - To assess the future of our assets by their value for money and wider contribution;
  - To maximise local economic impact.
- 11.13 A stock condition survey has recently taken place and will be used to provide an updated view of the needs of the Authority's stock over the next 30 years. Given the emerging financial pressures within the HRA, the Authority will need to re-visit its asset management strategy and it may be necessary to reconsider the Tower Hamlets Standard.
- 11.14 The outline HRA capital programme at Appendix 3 summarises the currently agreed programme, as well as the capital estimates sought in this report. In addition, there is an assumed level of spend in future years for the ongoing maintenance of the stock, and, as mentioned in paragraph 8.15, assumed spend of over £193 million which represents the level of expenditure needed to use the one for one receipts forecast to be generated during the last two quarters of 2015/16, as well as in 2016/17 and 2017/18.
- 11.15 The effect of financing all the capital schemes in Appendix 3 is that all the HRA borrowing headroom is forecast to be needed, as well as all the current HRA capital resources currently held, and assumed future HRA resources. On current projections the capital programme outlined in Appendix 3 is fully funded, although it is essential that before future capital estimate are formally adopted, schemes are assessed in light of their affordability within the HRA.

## HRA Savings

- 11.16 The draft 2016/17 HRA budget reflects total savings of over £2 million, including a £1.7 million reduction to the management fee paid to Tower Hamlets Homes. These savings offset the £1.2 million impact of the 1% rent cut (detailed in paragraph 4.3).
- 11.17 The MTFP reflects assumed savings of £2 million in 2017/18, and an exercise will need to be carried out during 2016/17 to identify savings options. As part of this process, THH will be asked to bring forward savings options.

11.18 Additional savings will also be needed in future years in order to offset the effect of a further three years of a 1% rent cut, as well as the impact of the sale of high value voids and pay to stay policies. Once more detail is published on these new policies it will be clearer what the impact on the HRA will be, and what level of savings will be needed post 2016/17.

11.19 In terms of the options for reducing expenditure, all areas will need to be reviewed, including where the HRA receives services from the Authority through its Service Level Agreements (SLAs).

11.20 In terms of increasing income, it will be important to ensure that all appropriate costs are recovered, as well as working to maximise discretionary income. There are a number of areas that could be investigated, for example:

- Improving Debt Recovery – from both tenants and leaseholders;
- Major Works – ensuring that full cost recovery takes place;
- Reviewing the non-dwelling rents (garages, sheds and parking) and implementing a more commercial approach;
- Reviewing the rents charged on commercial properties;

## 12. NEW BUILD SCHEMES

12.1 The Council is currently undertaking a number of new build schemes which are summarised in Table 8 below.

Scheme	Units
Poplar Baths/Dame Colet House	100
Bradwell Street	12
Watts Grove	148
<b>NEW BUILDS SCHEMES BEING RE-MODELLED</b>	
Jubilee Street	TBC
Baroness Road	TBC
Hereford Street	TBC
Locksley Estate	TBC
Ashington House	TBC

*Table 8 – Agreed HRA New-Build schemes*

12.2 Going forward, the priority with regards to new supply will be to spend the Right to Buy one for one receipts that have accumulated to the Authority since December 2013 (see section 8).

12.3 The Council will shortly begin preparing a Regeneration Strategy that will impact on the Housing Revenue Account financial strategy and longer-term business plan. A full review of this and emerging government initiatives is now underway.

### 13. ADOPTION OF HOUSING REVENUE ACCOUNT CAPITAL ESTIMATES

13.1 The Council's projected four year capital programme is included with the 'General Fund Revenue and Capital' report elsewhere on this agenda. This incorporates indicative funding of £412.7million for the Housing Revenue Account element of the capital programme over the five year period from 2016/17 to 2020/21, which is summarised in Table 9 below, and detailed in Appendix 3.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Indicative HRA Programme	136.508	54.531	71.667	95.000	40.000	412.706

Table 9 – Summary HRA Capital Programme 2016/17 to 2020/21

13.2 This section outlines a proposed programme of works which will be delivered in the year and summarises the capital investment required for 2016/17 which will focus on the following key delivery areas:-

- Addressing external works for Decent Homes newly arising need;
- a small internals programme to continue to replace kitchens and bathrooms where access has not been gained so far;
- a Planned Maintenance Programme of Mechanical & Engineering schemes, which is to be expanded to include additional lift and door entry schemes where there is increased contractor capacity to deliver next year;
- a new Fire Risk Assessment (FRA) programme targeting high-rise and complex blocks

#### NEW HRA CAPITAL ESTIMATES TO BE ADOPTED

Priority Blocks - £2 million

13.3 Members are asked to approve a capital estimate of £2 million for external works to a number of non-Decent Homes Programmed blocks. This list of priority blocks (Appendix 4) was developed from detailed analysis, using both responsive trend and existing stock condition data and indicated a requirement for works to the external fabric similar to those included in the current Decent Homes External Programme.

Decent Homes – newly arising need - £11.5 million

13.4 Members are asked to approve a capital estimate of £11.5 million for 99 blocks that have been identified as requiring work to bring them up to the Decent Homes standard; these are detailed in Appendix 4. External works to these blocks will ensure that the Council's overall non-decent stock continues to remain under 10%. The properties classified as needing works have been identified through

existing stock condition data, although a full validation survey will be required on each block to confirm that the works are required. Therefore, it is possible that not all the addresses listed in Appendix 4 will require works to be carried out.

Mechanical and Engineering (lifts) - £3.6 million

- 13.5 Members are asked to approve a capital estimate of £3.6 million to replace 24 lifts in 13 blocks (Appendix 4). These lifts have been prioritised as in urgent need of renewal because they are beyond the end of their remaining life and parts are no longer available to repair them economically. As such they are incurring high responsive costs, in addition to the daily impact on residents' lives.

Fire Risk Assessment (FRA) works - £4 million

- 13.6 Members are asked to approve a capital estimate of £4 million to undertake Fire Risk Assessment works, targeting high-rise and complex blocks. A specialist surveying company has surveyed the Authority's higher risk blocks and this data will be used to prioritise the programme. A sum of £3.7 million is required to cover the cost of required FRA work in 2016/17, and an additional sum of £300,000 is required for ongoing FRA survey fieldwork and subsequent cyclical monitoring processes so as to ensure that the Authority's landlord Health and Safety obligations are met.

Overcrowding Reduction Initiatives - £1 million

- 13.7 Members are asked to formally approve a capital estimate of £1 million for the inclusion within the programme of various Overcrowding Initiatives. This will include funding for initiatives designed to release or create family sized accommodation to relieve overcrowding.

Aids and Adaptations, Capitalisation of Voids, Capitalisation of Fees and Salaries – total £2.9 million

- 13.8 Members are asked to formally approve capital estimates for the inclusion within the programme of the Aids and Adaptations budget (£750,000), the capitalisation of the major costs involved in bringing void properties back into use (£1.5 million), including undertaking internal works (replacing kitchens and bathrooms) in properties where access was not gained during the Decent Homes internal programme, and the capitalisation of fees and salaries associated with the delivery of the Capital programme (£650,000).

Contingency - £200,000

- 13.9 The programme for 2015/16 incorporated a contingency of £1 million to be allocated towards urgent works. It is anticipated that approximately £200,000 of this contingency will be utilised during the year, with the remaining provision of £800,000 being carried forward into 2016/17. It is suggested that the total contingency available for 2016/17 remains at £1 million, and in order to do this a capital estimate of £200,000 is sought. The utilisation of this contingency will be subject to the approval of the Corporate Director, Development and Renewal.

- 13.10 The capital schemes listed above will have an impact on leaseholders, as they are required to contribute towards capital works which are of an external or communal nature. At its meeting on January 5<sup>th</sup> 2016 the Mayor in Cabinet agreed revised leaseholder repayment options in relation to the payment of major works bills, and this will have the effect of increasing the variety and flexibility of the payment options available to leaseholders.

#### PROVISION FOR FUTURE ANTICIPATED HRA CAPITAL NEED

- 13.11 As detailed in paragraph 8.15, the HRA capital programme at Appendix 3 includes a notional sum of up to £135.3 million to reflect the 70% council contribution needed in order to spend the £58 million of future one for one receipts forecast to be received during the remaining two quarters of 2015/16, as well as those forecast for 2016/17 and 2017/18. This level of provision assumes that the Council itself undertakes to spend the necessary amount on replacement social housing. It must be stressed that any future new build schemes will require Cabinet approval on a scheme by scheme basis, and will contain a detailed assessment of the financial viability of the project and its affordability within the HRA.
- 13.12 The Council is currently undertaking various regeneration schemes which necessitate the purchase of land and property interests. The HRA capital programme at Appendix 3 includes a sum of £4.5 million in order to mitigate against the risk of increasing land and property values. Any future use of this provisional sum will require Cabinet approval. It is likely that any higher acquisition costs incurred will be offset by an increase in the overage sums due to the Council arising from the sale proceeds of private sale units on these developments.

#### **14. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 14.1 This report sets out the proposed budget for the Housing Revenue Account for 2016/17 and also asks Members to approve the draft management fee payable to Tower Hamlets Homes (THH) to manage the dwelling stock on behalf of the Authority.
- 14.2 The budgets have been prepared by the Authority in conjunction with THH in accordance with the terms of the management agreement.
- 14.3 Since the corresponding HRA budget report for 2015/16 was approved in February 2015, various Government proposals have been published that will have significant implications for social housing and its financing. The Government's Summer budget that was presented to Parliament on 8 July 2015 included the announcement that rents on social housing properties will be reduced by 1% a year for each of the four years from 2016-17. Although not formally incorporated in legislation to date, the policy is included within the Welfare Reform and Work Bill that is currently being debated by Parliament, and as a consequence, the Mayor in Cabinet,

on 5th January 2016, approved the implementation of a rent reduction of 1% for the 2016/17 financial year.

- 14.4 The Government's previous rental policy was that annual rental increases would be set in line with the Consumer Price Index (CPI) +1%, with the relevant CPI figure being that from the September preceding the year of the rent increase. This would have led to a 0.9% rental increase for 2016/17 compared to the 1% decrease that was implemented, with a resultant loss of total rental income of approximately £1.2 million in 2016/17 compared to that which would have been generated under the previous policy (see paragraph 4.3).
- 14.5 The cumulative impact on the HRA over the longer term has been estimated to be in the region of £24 million over four years compared to the financial modelling that was undertaken as part of the 2015/16 budget process (paragraph 4.2). This is because after four years of 1% rent cuts the rental base will be substantially lower than it would have been if the previous rent policy of CPI + 1% were still in place.
- 14.6 Recent Government announcements have also set out a number of additional policies that will affect the delivery of social housing. Currently the impact on the Housing Revenue Account is not quantifiable until the specific legislation is adopted and detailed guidance on the proposals is published, however, the combined impact of the rent reduction, the possible impact of the Sale of High Value voids and Pay to Stay rent policies (detailed in sections 6 and 7) will mean that significant savings will be required in order to maintain a sustainable HRA in the long term.
- 14.7 The Council is required to maintain a reasonable level of reserves in the HRA to mitigate possible financial risks. Since the introduction of HRA Self-Financing in April 2012, and the ending of the HRA Subsidy system, the Authority retains its rent receipts and is fully responsible for the financing of all HRA expenditure, including the capital works necessary to maintain and improve the housing stock. All future capital work will be funded through a combination of, primarily, borrowing (within the constraints of HRA Business plan viability and the HRA's debt cap), contributions from reserves, leaseholder contributions and grants.
- 14.8 The HRA Medium Term Financial Plan (MTFP) included in Appendix 2 shows that under current assumptions, HRA balances will be exhausted by 2020/21. This analysis incorporates the potential impact of the various Government changes outlined in paragraph 4.6, as well as the requirement to utilise retained Right to Buy receipts (see paragraph 14.10 to 14.13), and it must be stressed that at this stage further detail of the policy changes are awaited. However it highlights that the savings that are currently incorporated within the HRA MTFP (£1 million in 2016/17 and a further £2 million in 2017/18) are only a short term remedy, and given the cumulative impact of the various government policies, a revised HRA strategy will be required.
- 14.9 It is essential that the savings process is continued in conjunction with THH, to identify and generate further efficiencies and savings within this and future years' budgets, to ensure that the Council complies with its statutory requirement to

maintain a balanced Housing Revenue Account, and that the capital investment programme, and particularly the new build schemes are fully financed.

- 14.10 A key aspect of this report, and a significant risk to the Council, relates to the levels of Right to Buy receipts that the Council has retained under the one for one arrangements for the provision of new housing supply. These have accumulated significantly following the Government's reinvigoration of the Right to Buy system and are detailed in section 8.
- 14.11 Due to the continuing high number of Right to Buy sales, as outlined in paragraph 8.10, the Council is now holding a total of £36.6 million of one for one receipts. In accordance with the conditions imposed on their use (summarised in paragraph 8.8), receipts can only represent up to 30% of the costs of the new supply, meaning that if the Council wishes to provide the new supply itself, it will need to identify the 70% contribution needed.
- 14.12 It should be noted that the use of the receipts is time limited – in essence they must be spent within three years of the end of the quarter within which that are received (shown in Table 5) or returned to the DCLG with significant interest penalties. In October 2015, the Mayor in Cabinet approved a range of measures to utilise retained receipts – these included potential new developments; a programme to buy back properties previously sold by the Council under Right to Buy legislation, and a Local Affordable Housing Grant Programme targeted at supporting Registered Housing Providers. However, RTB sales continue to accrue, with a further £10 million of retained receipts anticipated to be generated in the six months between 1<sup>st</sup> October 2015 and 31<sup>st</sup> March 2016 alone.
- 14.13 In order not to delay the approval of any possible schemes identified, provision has been made within the overall capital resources to provide finance for new housing supply utilising one for one retained receipts. It must however be stressed that these resources are notional and that any schemes that are proposed will require a thorough assessment of viability and affordability within the HRA prior to adoption within the HRA capital programme. All expenditure must be funded from HRA resources, with borrowing being the final option. Potential non-borrowing resources will be incorporated into the future assessment of the schemes when capital estimates are sought.
- 14.14 This report also outlines the proposed HRA Housing Investment Programme for 2016/17 to 2020/21 (Appendix 3). The programme will be financed through available resources identified within the Authority's HRA 30 Year Financial Model, with formal capital estimates, totalling £24.2 million, being sought for works to the existing stock as detailed in paragraphs 13.3 to 13.9.
- 14.15 In a capital programme of this size over a long period, there will inevitably be changes to the scope and timing of some schemes as they are worked up and detailed consultation takes place. It is therefore important that sufficient flexibility exists within the programme to ensure that schemes can be managed in line with available resources, and to ensure that the Authority maximises its external year-specific financing e.g. grant funding, if any becomes available.



- 14.16 The capital programme will continue to be managed robustly in line with resources available, with commitments only being entered into if they remain affordable within the HRA 30 Year Financial Model.
- 14.17 It should be noted that a significant element of the costs of the capital programme will be chargeable to leaseholders, and although the Authority will be required to finance the works initially, it is vital that all costs are appropriately recharged in accordance with the terms of the lease. The Mayor in Cabinet, on 5<sup>th</sup> January 2016, approved a range of options to extend the time period over which leaseholders can repay their major works charges. The options approved will be available to qualifying leaseholders in respect of the capital works proposed within this report.

## **15. LEGAL COMMENTS**

- 15.1 The report proposes that the Mayor approves the HRA budget for 2016/17. The Council is subject to an obligation under Part VI of the Local Government and Housing Act 1989 to maintain a housing revenue account (HRA). The Council is required to prepare proposals in January and February each year relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be based on the best assumptions and estimates available and should be designed to secure that the housing revenue account for the coming year does not show a debit balance. The report sets out information relevant to these considerations.
- 15.2 The Mayor is asked to agree the management fee for Tower Hamlets Homes Ltd (“THH”). Schedule 6 of the management agreement with THH provides the method for calculation of the management fee. The report proposes that the management fee reflect specified savings and it is understood that the proposed management fee is put forward as an amount that it would be reasonable for the Council to pay for the services provided by THH.
- 15.3 The report seeks approval for capital estimates in relation to a variety of schemes. In compliance with section 151 of the Local Government Act 1972, the Council has in place Financial Regulations and Financial Procedures. The Financial Regulations set a threshold of £250,000, above for which Cabinet approval is required for a capital estimate. The Financial Procedures supplement this requirement.
- 15.4 The various capital schemes must be capable of being carried out within the Council’s statutory powers. To the extent that the details of the schemes appear from the body of the report, it does appear that the proposed works meet this requirement. In particular, the Council is empowered by section 9 of the Housing Act 1985 both to build homes to meet housing need in the borough but also to alter, enlarge, repair or improve its housing stock.
- 15.5 It will be for officers to ensure that individual commitments are carried out in accordance with legal requirements. The terms of specific grant funding must be

complied with, as must the terms of any section 106 agreement under which funding is to be made available. Any procurement associated with works or projects must be carried out in accordance with the Council's procurement procedures and the requirements of the Public Contract Regulations 2015. If the costs of works are to be recharged to leaseholders then this must comply with the statutory consultation requirements.

- 15.6 The Council is required as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". Before agreeing the budget, management fee and capital estimates in the report, Cabinet should consider the information provided in the report, particularly the finance comments, with a view to whether they proposals relevantly reflect value for money.
- 15.7 Before agreeing any of the report's recommendations, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). Information relevant to these considerations is contained in paragraph 16 of the report.

## **16. ONE TOWER HAMLETS CONSIDERATIONS**

- 16.1 The Council is required to agree a balanced HRA, which means striking a balance between maximising resources available to the Council for social housing purposes and avoiding undue additional hardship to vulnerable tenants. In conjunction with Officers from THH, an Equalities Impact Assessment (EQIA) was undertaken in relation to the rent increase; the analysis was provided to the Mayor in Cabinet in January 2016. The analysis of THH tenants provided a detailed understanding of the most vulnerable tenants, and the action plan set out in the EQIA identified a number of mitigating actions which, once implemented, would ensure that the most vulnerable tenants are supported. Actions include enhancing the provision of advice and guidance for the most vulnerable tenants, ensuring that there is continuous analysis of the impacts on tenants, particularly the non-housing benefit claimants as well as continuous analysis and assessment of the Welfare Reforms once the proposals are fully implemented. The Action Plan will be continuously monitored to ensure that these actions are being progressed.

## **17. BEST VALUE (BV) IMPLICATIONS**

- 17.1 Savings have been incorporated into the draft budget in order to ensure that the HRA remains in balance. Projects will be undertaken in partnership with Tower Hamlets Homes to identify further ongoing efficiency savings to ensure that the HRA remains sustainable in the longer term.

## **18. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

18.1 There are no specific implications arising from the recommendations in this report.

## **19. RISK MANAGEMENT IMPLICATIONS**

19.1 Since the introduction of Self-Financing, the London Borough of Tower Hamlets is responsible for running its HRA as a viable business, using HRA income in order to fund all HRA expenditure, including the capital works necessary to maintain and improve the housing stock, and the funding of the Decent Homes programme.

19.2 Various areas of risk and uncertainty are highlighted in section 6. Over the next few months, it will be essential to review and update the HRA MTFP to reflect economic conditions and policy changes.

## **20. CRIME AND DISORDER REDUCTION IMPLICATIONS**

20.1 There are no significant implications arising from these specific recommendations.

## **21. SAFEGUARDING STATEMENT**

21.1 There are no significant implications arising from these specific recommendations.

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- None

#### **Appendices**

- Appendix 1 – HRA Draft Budget 2016/17
- Appendix 2 – HRA Medium Term Financial Plan projections - 2016/17 to 2020/21
- Appendix 3 – Indicative HRA Capital Programme – 2016/17 to 2020/21
- Appendix 4 – Detail of Capital Estimates Sought

#### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- None

#### **Officer contact details for documents:**

- n/a

#### **Originating Officers and Contact Details**

<b>Name</b>	<b>Title</b>	<b>Contact for information</b>
Katherine Ball	Senior Accountant (HRA)	020 7364 0997

**APPENDIX 1****HOUSING REVENUE ACCOUNT****DRAFT BUDGET 2016/17**

Housing Revenue Account	2015/16	2015/16	2016/17
	Budget	Projected Outturn	Draft Budget
	£'000	£'000	£'000
<b>INCOME</b>			
Dwelling Rents	(69,300)	(68,400)	(67,166)
Non-dwelling Rents	(3,600)	(3,765)	(3,763)
Tenant Charges for Services & Facilities	(6,620)	(6,393)	(6,415)
Leaseholder Charges for Services & Facilities	(12,250)	(13,298)	(13,240)
Contributions towards expenditure	(115)	(115)	(115)
<b>GROSS INCOME</b>	<b>(91,885)</b>	<b>(91,971)</b>	<b>(90,699)</b>
<b>EXPENDITURE</b>			
Repair & Maintenance	22,298	22,118	22,540
Supervision & Management	23,622	23,909	23,285
Special Services	12,656	12,002	12,262
Rents, Rates, Taxes and other charges	3,033	2,861	3,167
Provision for Bad Debts	1,400	1,400	600
Interest Payable - Item 8	3,850	3,850	4,275
Depreciation - HRA Dwellings	13,839	13,839	13,408
Depreciation - Non Dwellings	1,552	1,552	1,552
Debt Management Costs	84	84	83
Sale of High Value voids levy	-	-	8,400
Pay to Stay levy	-	-	-
<b>GROSS EXPENDITURE</b>	<b>82,334</b>	<b>81,615</b>	<b>89,572</b>
<b>NET COST OF HRA SERVICES</b>	<b>(9,551)</b>	<b>(10,356)</b>	<b>(1,127)</b>
Amortisation of Premiums & Discounts	-	-	-
Interest & Investment Income	(225)	(217)	(222)
<b>(SURPLUS)/ DEFICIT ON HRA</b>	<b>(9,776)</b>	<b>(10,573)</b>	<b>(1,349)</b>
<b>Appropriations</b>			
Revenue Contribution to Capital Expenditure	9,776	9,775	2,000
<b>NET POSITION</b>	<b>-</b>	<b>(798)</b>	<b>651</b>
<b>Balances</b>			
Opening balance	(20,893)	(23,046)	(23,844)
Net (Surplus)/ Deficit on HRA	-	(798)	651
<b>Closing balance</b>	<b>(20,893)</b>	<b>(23,844)</b>	<b>(23,193)</b>

**MEDIUM TERM FINANCIAL PLAN 2016/17 – 2020/21**

**INDICATIVE HRA BUDGETS**

<b>Housing Revenue Account</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>Draft Budget £'000</b>	<b>Draft Budget £'000</b>	<b>Draft Budget £'000</b>	<b>Draft Budget £'000</b>	<b>Draft Budget £'000</b>
<b>INCOME</b>					
Dwelling & non dwelling rents	(70,929)	(70,282)	(71,061)	(71,842)	(74,089)
Tenant & Leaseholder service charges	(19,655)	(19,841)	(20,199)	(20,582)	(21,001)
Investment Income received	(222)	(202)	(122)	(42)	(42)
General Fund contributions	(115)	(115)	(115)	(115)	(115)
<b>GROSS INCOME</b>	<b>(90,921)</b>	<b>(90,440)</b>	<b>(91,497)</b>	<b>(92,581)</b>	<b>(95,247)</b>
<b>EXPENDITURE</b>					
Repairs & Maintenance	22,540	22,702	22,997	23,313	23,653
Supervision & Management	23,285	26,181	24,342	24,517	24,704
Special Services, Rents rates & taxes	15,429	15,271	15,419	15,579	15,750
Increased/(Decrease) provision for bad debts	600	600	700	1,000	1,000
Capital Financing charges	19,318	20,333	21,312	23,218	24,368
Savings assumed in the MTFP		(2,000)			
Sale of High Value Voids levy	8,400	8,820	9,261	9,724	10,210
Pay to Stay levy	-	1,600	1,629	1,660	1,693
<b>GROSS EXPENDITURE</b>	<b>89,572</b>	<b>93,507</b>	<b>95,660</b>	<b>99,011</b>	<b>101,378</b>
<b>NET COST OF HRA SERVICES</b>	<b>(1,349)</b>	<b>3,067</b>	<b>4,163</b>	<b>6,430</b>	<b>6,131</b>
<b>Appropriations</b>					
Revenue Contribution to Capital Outlay (RCCO)	2,000	3,000	-	-	-
<b>NET POSITION</b>	<b>651</b>	<b>6,067</b>	<b>4,163</b>	<b>6,430</b>	<b>6,131</b>
<b>Balances</b>					
Opening balance	(23,844)	(23,193)	(17,126)	(12,963)	(6,533)
(Surplus/ Deficit on HRA	651	6,067	4,163	6,430	6,131
<b>Closing balance</b>	<b>(23,193)</b>	<b>(17,126)</b>	<b>(12,963)</b>	<b>(6,533)</b>	<b>(402)</b>

## INDICATIVE HRA CAPITAL PROGRAMME 2016/17 – 2018/19

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m	Total £m
<b><u>Anticipated Expenditure</u></b>						
Decent Homes Backlog Programme	10.000					10.000
Non-decent homes	6.700					6.700
Ashington East	13.463					13.463
Watts Grove	13.592	0.630				14.222
Jubilee St/ Baroness Rd	11.273					11.273
Locksley Estate/ Hereford	25.254	1.594				26.848
Leasehold buybacks	13.640	13.640				27.280
Estimates to work up new build schemes to RIBA 3	5.000	5.000				10.000
RP grant scheme	7.065					7.065
Assumed spend on one for one	1.821	2.000				3.821
	<b>107.808</b>	<b>22.864</b>	-	-	-	<b>130.672</b>
<b><u>Capital Estimates sought in this report</u></b>						
Priority Blocks	2.000					2.000
Decent Homes – newly arising need	11.500					11.500
Mechanical & Electrical programme	3.600					3.600
Fire Risk Assessment works	4.000					4.000
Prioritised Investment Programme	4.100					4.100
	<b>25.200</b>	-	-	-	-	<b>25.200</b>
<b><u>Assumed future capital schemes</u></b>						
Housing Capital Programme		15.000	15.000	15.000	15.000	60.000
Land Assembly costs	4.500					4.500
<b><u>Spend needed to use projected one for one receipts</u></b>						
*Assumed Council contribution (70%)		11.667	39.667	56.000	28.000	135.334
Forecast additional one for one receipts (30%)		5.000	17.000	24.000	12.000	58.000
		16.667	56.667	80.000	40.000	193.334
<b>Indicative HRA Capital Programme</b>	<b>137.508</b>	<b>54.531</b>	<b>71.667</b>	<b>95.000</b>	<b>55.000</b>	<b>413.706</b>
<b><u>Summarised Assumed Financing</u></b>						
Major Repairs Reserve	14.960	14.924	15.013	15.106	15.144	75.147
Major Works cash	28.218	7.700	7.700	7.700	7.688	59.006
Revenue Contribution to Capital (RCCO)	2.000	3.000				5.000
Use of HRA Balances / HRA Borrowing	30.712	10.377	23.880	48.194	-	113.163
Right to Buy one for one receipts	27.931	11.670	18.214	24.000	12.000	93.815
Other capital receipts	12.000	6.860	6.860			25.720
New Homes Bonus	8.746				20.168	28.914
GLA Grant	1.700					1.700
Other	11.241					11.241
<b>Total Assumed Financing</b>	<b>137.508</b>	<b>54.531</b>	<b>71.667</b>	<b>95.000</b>	<b>55.000</b>	<b>413.706</b>

\*Note that, as referred to in para 8.15, this notional sum represents the required spend amount on replacement social housing in order to use the one for one receipts forecast to be generated in the second half of 2015/16, 2016/17 and 2017/18. It must be stressed that any future new build schemes will require Cabinet approval on a scheme by scheme basis, and will contain a detailed assessment of the financial viability of the project and its affordability within the HRA.

**DETAILS OF CAPITAL ESTIMATES SOUGHT****PRIORITY EXTERNAL WORKS**

Block Name
9-48 Harriott House, Jamaica St E1
1-58 Kedleston Walk E2
1-97 Latham House
1-79 Padstow House
1-50 Rogers Estate, Globe Road E2
<b>TOTAL: £2,000,000</b>

**DECENT HOMES – NEWLY ARISING NEED**

Block Name
49-71 (O) Alderney Road
19 & 19A Alloway Road
20 & 20A Alloway Road
22A & 22B Alloway Road
36 Annie Besant Close
50 & 50A Arbour Square
52 & 52A Arbour Square
57 & 57A Arbour Square
58 & 58A Arbour Square
60 & 60A Arbour Square
19 & 19A Athelstane Grove
18 & 19 Avis Square
13-21 Baroness Road
162-176 (E) Bethnal Green Road
395A-405A (O) Bethnal Green Road
1-15 Billing House
83 Bow Road
41-71 (O) Boyton Close
88-134 (E) Cambridge Heath Road
1-16 Chambord House
1-8 Cheylesmore House
1-23 (O) Chilton Street
23-49 (O) Cleveland Way
51-77 (O) Cleveland Way
1-8 Culpin House
1-12 Danvers House

**DETAILS OF CAPITAL ESTIMATES SOUGHT**

Block Name
1-66 Darnley House
12-22 (E) Deal Street
1-79 Delafield House
226-248 (E) Devons Road
250-296 (E) Devons Road
1-12 Downy House
1-15 Dowson House
2-12 (E) Forbes Street
16 - 22 (E) & 22-25 Garnet Street & Wine Close
1-8 Gillett House
7-37 (O) Globe Road
1-16 Goldman Close
17-28 Goldman Close
38 & 39 Goldman Close
58-71 Goldman Close
72 & 73 Goldman Close
54-78 (E) Granby Street
82-104 (E) Granby Street
64-86 (E) Hackney Road
1-25 Hadfield House
1-20 Hanson House
9-48 Harriott House
1-12 John Rennie Walk
13-30 John Rennie Walk
1-22 Keats House
1-6 Kirton Gardens
7-30 Kirton Gardens
19 & 20 Matlock Street
25 & 26 Matlock Street
1-20 Old Market Square and 1-4 Georgina Gardens
21-34 Old Market Square
109, 111, 113, 115, 117 Parnell Road
11-25 (O) Penang Street
14 Priestleys Buildings
98-128 (E) Ramsey Street
1-56 Redbourne House
73-91 (O) Redmans Road
1-8 Robert Owen House




**DETAILS OF CAPITAL ESTIMATES SOUGHT**

<b>Block Name</b>
8 & 9 Rum Close
14 & 15 Rum Close
16-21 Rum Close
22 & 23 Rum Close
24 & 25 Rum Close
26-31 Rum Close
32-37 Rum Close
39 St Matthews Row
45 & 47 St Stephens Road
49 & 51 St Stephens Road
1-12 St Vincent De Paul House
91-113 (O) Sceptre Road
26-38, 39A Seagrave Close
1-8 Snell House
1-31 (O) Stayners Road
20-58 (E) Stepney Green
1-24 Strickland House
1-8 Stuart House
76-86 (E) Swanfield Street
88-98 (E) Swanfield Street
100-110 (E) Swanfield Street
112-122 (E) Swanfield Street
124-134 (E) Swanfield Street
1-32 Thornewill House
106 & 106A Tredegar Road
15A, 15B, & 15C Tredegar Square
20-30 (E) Vawdrey Close
1-6 Victoria Park Square
1-40 Walford House
1-8 Wickford Street
1-20 Wingfield House
<b>TOTAL: £11,500,000</b>

**DETAILS OF CAPITAL ESTIMATES SOUGHT****MECHANICAL AND ELECTRICAL PROGRAMME - LIFTS**

<b>Scheme Location</b>	<b>No. of Lifts</b>
1-12 Carmichael House, Poplar High Street E14	1
1-14 Colstead House, Watney Market E1	1
1-79 Delafield House, Christian Street E1	2
1-24 Dence House, Turin Street E2	1
1-109 George Loveless House, Diss Street E2	2
1-109 James Hammett House, Ravenscroft Street E2	2
1-16 Kemp House, Sewardstone Road E2	1
1-54 Mayfield House, Cambridge Heath Road E2	1
1-60 Offenbach House, Mace Street E2	2
1-50 Rogers Estate, Globe Road E2	2
51-120 Rogers Estate, Globe Road E2	5
1-52 St Gilles House, Mace Street E2	2
1-75 Thornfield House, Rosefield Gardens E14	2
<b>TOTAL: £3,600,000</b>	

# Agenda Item 5.4

<b>Cabinet</b>  <b>2 February 2016</b>	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Stephen Halsey, Corporate Director Communities, Localities and Culture	<b>Classification:</b> Unrestricted
<b>Licensing of the Private Rented Housing Sector</b>	

<b>Lead Member</b>	<b>Councillor Sirajul Islam, Statutory Deputy Mayor and Cabinet Member for Housing Management and Performance.</b> <b>Cllr Rachel Blake, Cabinet Member for Strategic Development</b>
<b>Originating Officer(s)</b>	David Tolley, Head of Environmental Health and Trading Standards
<b>Wards affected</b>	Weavers, Whitechapel and Spitalfields and Banglatown
<b>Key Decision?</b>	No
<b>Community Plan Theme</b>	A Safe an Cohesive Community

## Executive Summary

This report considers the extensive consultation that was undertaken during 2015 on introducing a private rented housing sector licensing scheme within designated parts of the Borough.

The report identifies the new restrictions introduced by the Government on introducing selective licensing in the private rented housing sector and makes recommendations on those areas that can be designated as licensable areas.

If it is agreed to introduce selective licensing in designated areas, the processes and standards that will apply are outlined along with the licence fee.

The current regulatory landscape with regards to the private rented housing sector is also reviewed with an option for further consideration of consulting on an additional Houses in Multiple Occupation (HMO) licensing scheme pending the outcome of the Government's current consultation on extending the current criteria for mandatory licensing of HMO's.

## **Recommendations:**

The Mayor in Cabinet is recommended to:

- 1 Agree, considering the options available, to introduced a Selective Licensing scheme within Weavers, Whitechapel and Spitalfields and Banglatown areas (pre May 22<sup>nd</sup> 2014 ward boundaries)
- 2 Confirm that the proposed designation criteria for introducing Selective Licensing, as outlined in this report have been met.
- 3 Agree to delegate to the Corporate Director of Communities Localities and Culture to setting the commencement date and issuing of the required statutory notifications in relation to the notification of the Selective Licensing scheme designation.
- 4 Agree the fee structure, licence conditions, and Housing Standards which it is proposed are adopted as part of scheme.
- 5 Agree to delegate to the Director of Communities Localities and Culture, authority to bring in the lower fee for all applications to enable the scheme to be introduced sooner depending on the duration of the ICT development and introduction.
- 6 Agree that no further exemptions to the scheme should be considered in addition to the statutory exemptions.
- 7 Agree if additional licensing should be considered further, subject to approval with the Mayor and Lead Members, once the extent of the Governments consultation of extending the definition of a licensable House in Multiple Occupation is known.

## **1. REASONS FOR THE DECISIONS**

- 1.1 There are two types of adoptive licensing schemes for the Private Rented Sector (PRS) which the Council can adopt. These comprise an additional licensing scheme limited to houses in multiple occupation only or a selective licensing scheme for any property in the private rented sector. This report addresses the latter. The Housing Act 2004 gives the Council the power to introduce Housing Licensing Schemes for privately rented properties within the whole Borough or in designated areas, in order to improve standards of management in the Private Rented Sector (PRS) and reduce anti-social behaviour.
- 1.2 A licensing scheme will enable the Council to impose a legal requirement, in the designated area, on all landlords to register, apply for a licence for each property they rent out, and comply with specific licence conditions thus giving the Council more power to tackle irresponsible letting of properties.

- 1.3 In addition, improving physical standards and the quality of management in the PRS will deliver social and health benefits. The links between poor health through damp and mould and overcrowding are well established. Improved quality of housing will have an impact across many different partner organisations i.e. health, education. Whilst the primary aim of licensing is clear, the reduction of anti-social behaviour and for landlords to assist with the management of their tenants, it is expected that licensing will also assist the Council and partners to achieve wider objectives.
- 1.4 Licensing is expected to assist in encouraging stable, long term tenancies to the benefit of landlords and tenants.
- 1.5 Prior to designating an area, the Council must consult with interested groups such as landlords, tenants, letting agents, landlord associations and other interested parties.
- 1.6 Recent changes were introduced by central government concerning PRS licensing schemes. The general approval was removed from Councils to designate the whole of their area for licencing. From the 1<sup>st</sup> April 2015, local authorities have to seek confirmation from the Secretary of State for any selective licensing scheme which would cover more than 20% of their geographical area or would affect more than 20% of privately rented homes in the local authority area
- 1.7 A PRS housing licensing scheme will attract a licence fee for each property and the scheme will be self-financing.
- 1.8 The private rented sector serves a diverse population of tenants and privately rented properties range from luxury apartments to large shared houses. Equally varied are landlords, who range from large companies to individuals renting out a single property.
- 1.9 The census reported that 33% of properties were in the PRS. There has been an estimated increase of 135% in PRS property since the previous census in 2001. The census data has been used when assessing the quantum of housing tenures, as this can be provided at ward level. The areas under examination relate to the pre 2014 wards, due to the amount of data available.
- 1.10 One of the difficulties that the Council has in managing the PRS is that it does not hold a register of properties and relies on complaints to deal with disrepair and anti-social behaviour issues.
- 1.11 Currently enforcement action is taken against landlords on a reactive basis via complaints. This relates more to housing conditions rather than anti – social behaviour. However, when contact is made with landlords they are encouraged to become registered with the Landlord Accreditation Scheme. This is a London wide scheme driven by the Mayor of London to improve private sector management and regulation. However, the uptake has not been extensive.

## **2. ALTERNATIVE OPTIONS**

- 2.1 The Cabinet may chose not to introduce an adoptive housing licensing scheme and rely upon the current mandatory Houses in Multiple Occupation licence scheme alone.
- 2.2 Cabinet may determine to designate the whole Borough as a Selective Licensing scheme and in this case it would need to seek the approval of the Secretary of State.

## **3. DETAILS OF REPORT**

- 3.1 The Council can designate an area or the whole Borough for a selective licensing scheme providing it can demonstrate the following:
  - a) The area is, or is likely to become an area of low demand for housing, and/or
  - b) The area is experiencing a significant and persistent problem caused by anti-social behaviour (ASB) that is attributable to occupiers of privately rented properties and that some or all of the private sector landlords are failing to take appropriate action to combat the problem.
- 3.2 It is not felt that there are any areas in the Borough that are facing a low housing demand. The selective licensing scheme is being proposed on the basis of the sectors links with persistent ASB problems. This link between the Public Rented Sector and ASB in the Borough has been demonstrated by the independent Mayhew study appended. The wider strategic implications of this study for other council services and functions are still being considered but the evidencing of this link is the primary reason that this study is presented here.
- 3.3 The ASB must:
  - a) emanate from private rented residential properties or be directly associated with lettings and;
  - b) link to absent or inadequate oversight and management by the landlord.
- 3.4 The designation can be made for any period of time, up to a maximum of 5 years
- 3.5 This scheme applies to houses, HMOs (as each unit of accommodation is a dwelling), a building converted into flats, flats above commercial property as well as individual flats.

- 3.6 The following properties will be exempt from licensing where the tenancy or licence is granted by:
- a) A registered social landlord
  - b) Metropolitan Police Authority
  - c) Fire and rescue Authority
  - d) Health Service Body
  - e) A dwelling held under a long lease occupied by the owner under the lease or members of his family
  - f) Buildings occupied by students but is not an HMO
  - g) Holiday lets
  - h) Dwellings shared with the landlord
- 3.7 The terms of the licence will require certain mandatory conditions to be imposed. Namely:
- 1) Conditions regulating the management, use and occupation of the dwelling concerned i.e. requiring routine repairs, replacement of worn or dangerous furniture or fittings (but not to carry out improvements, alterations or adaptations)
  - 2) Declaration that the electrical appliances and furniture are in a safe condition.
  - 3) Declaration that smoke alarms are provided in the dwelling and positioned correctly and in working order.
  - 4) Gas safety certificate to be provided on an annual basis.
  - 5) Each occupier to be provided with a written statement of the terms of their occupation.
  - 6) The provision of references from all prospective tenants.
- 3.8 Additional discretionary conditions can be imposed depending on the merits of each particular situation, such as:
- 1) Prohibit the use of certain parts of the house
  - 2) Ensure that there are proper and effective management arrangements in place
  - 3) Require landlords to attend relevant training sessions
  - 4) Require landlords to manage their tenants, including dealing with anti-social behaviour.

### Designation Criteria

- 3.9 The blanket approach for licencing the whole Borough has been reserved to the Secretary of State. As the basis upon which the Council might introduce such a scheme is centred on the sectors impact on ASB it would be very difficult to argue that this is the case across the whole borough or an area representing the substantive part of the Borough. The Council can determine to licence part of the Borough which would cover less than 20% of their geographical area or would affect less than 20% of privately rented homes in the local authority area without reverting to the Secretary of State. It is possible to establish a link between ASB and the Private Rented Sector at this level.
- 3.10 A selective designation can only be made if, when combined with other measures taken, it will lead to a reduction of ASB. In order for a designation to be made the Council must satisfy itself of the following:
- a) That the area contains a high proportion of properties within the PRS compared to the total number of properties in the area.
  - b) The properties in the PRS are occupied under assured tenancies or licences.
  - c) That at least one of the following conditions has been met:
    - i) There is low housing demand in the area
    - ii) The area is experiencing a significant and persistent problem caused by anti-social behaviour.
    - iii) A significant number of properties are in poor condition and require inspection
    - iv) The area has recently experienced an influx of migration
    - v) The area is suffering from a high level of deprivation
    - vi) The area suffers from high levels of crime
  - d) That a full consultation has taken place in relation to landlords, managing agents, tenants, residents and businesses in the area. This consultation needs to be of at least 10 weeks duration and any representations need to be considered. The consultation needs to detail why this is the most appropriate course of action, identify the problems the designation is intended to address as well as the scale and impact of those problems.
  - e) That there has been consideration of alternative means to achieve the aims other than to designating an area for selective licensing e.g. accreditation schemes.
  - f) That the designation of a selective licensing area fits in with the overall housing strategy and policies ensuring that it is co-ordinated to combat homelessness and empty dwellings and complements the work of other agencies.



- 3.11 The Council must also identify the desired outcome of the designation and the measures to be put in place to evaluate its effectiveness.
- 3.12 The Council needs to publish a notice within the designated area in 7 days of the designation being confirmed.
- 3.13 The Council needs to notify all those that have been consulted on the proposals, within two weeks of the designation being confirmed.

Proposed Areas for Designation

- 3.14 Since the removal of the general approval from the Secretary of State, the Council can only designate a licensable area if it's is less than 20% of the geographical area and private rented stock (the 20:20 rule). Appendix one presents the estimated percentage of private rented properties by geographical area as derived from the 2011 Census.
- 3.15 The evidence base used for the consultation, at Appendix Two, demonstrates that the Borough has a high proportion of PRS properties. If we examine the three areas that were shown to have high levels of anti-social behaviour from the Mayhew Associates report (Appendix Three), the comparisons set out in the table below can be made with the overall tenure in each grouped ward area (note as pre 2014). Appendix Four presents the overall tenure mix.
- 3.16 The table below demonstrates the consideration of the 20:20 rule that was enacted in April 2015. Specifically that the Council can designate a scheme provided it would cover less than 20% of their geographical area or would affect less than 20% of privately rented homes in the local authority area. Blackwall and Cubitt Town/Millwall falls outside the geographical percentage requirement for local designation. That Bow East and Bow West, when grouped shows that social rented properties are the largest tenure in this group. Spitalfields and Banglatown/Weavers and Whitechapel have the largest proportion of private rented properties compared to the other tenures and meet the 20:20 rule.

Pre 2014 wards	% of Borough area	% owner occupiers against all tenures in grouped ward	% social rented against all tenures in grouped wards	% PRS against all tenures in grouped wards	% PRS in grouped wards against all Borough (34,216)
Blackwall and Cubitt Town/Millwall	21.27%	29.3%	24%	46.6%	26.5%
Bow East and Bow West	16.24%	29%	41.2%	30.2%	10.1%
Spitalfields and Banglatown/Weavers/Whitechapel	11.81%	24.5%	36%	38.8%	17%

- 3.17 Bow East and Bow West areas and Spitalfields and Banglatown/Weavers and Whitechapel satisfy the requirements detailed in paragraph 3.9 and the latter cluster also satisfies the requirements in paragraph 3.10a.
- 3.18 Assured short-hold tenancies are the most common PRS tenancies so the expectation would be that most tenancies in the borough will be let under them. The assessment of the type of tenancies the private sector properties are occupied under can be drawn from considering the Council Tax Churn, as detailed in table three of Appendix Two. This has informed the evidence base for designating pilot areas for licensing the private rented sector within the London Borough of Tower Hamlets. The Council Tax payer would be likely to change as an assured tenancy or licence expires or tenants move out and are replaced. This would satisfy the requirement in 3.10b. The high number of multiple changes is unlikely to be linked to property sales in this 3 year period.

Council Tax Churn per Ward – 1/4/11 to 31/1/14

	Number of Changes per property									
	2	3	4	5	6	7	8	9	10	11
Millwall	2295	1257	491	143	33	9	3	1		1
Blackwall and Cubitt Town	1982	1010	466	104	18	4				
Bow East	1283	625	218	41	7	4				
Bow West	862	361	141	43	4	2				
Spitalfields and Banglatown	712	443	229	52	19					
Whitechapel	1172	693	337	75	11	1				
Weavers	856	467	167	53	7	1				

- 3.19 The findings of the Mayhew Associates report indicated a correlation between poorly managed private rented housing and the incidence of anti-social behaviour in some areas, suggesting that there is a case for consideration of Selective Licensing as required in paragraph 3.10c. Within the clusters identified. The purpose of selective licensing is to address anti-social behaviour, the designation, if made, would not replace other powers that the Council and its partners may take.

Consultation

- 3.20 The consultation was carried out between the 16<sup>th</sup> March and 12<sup>th</sup> July 2015. The consultation took place using a variety of communication channels. There was an on line consultation (including an on line questionnaire), a programme of public meetings, letters were sent out to ward Councillors, landlords, managing agents, adverts were placed in local and neighbouring Boroughs newspapers and direct letters were sent to landlord and tenant groups and neighbouring local authorities, as required in paragraph 3.10d.

3.21 Public meetings were held at the following venues:

- Tuesday, April 14 - St Margaret's House
- Monday, April 20 - Harry Gosling School
- Thursday, April 30 - PDC Bethnal Green
- Wednesday, June 17 – Mulberry Place
- Monday, 22<sup>nd</sup> June – Whitechapel Idea Store
- Monday 29<sup>th</sup> June – Millwall Rowing Club
- Monday 6<sup>th</sup> July – Bow Idea Store

3.22 The public meetings and the proposed scheme was advertised in the following newspapers:

NEWSPAPER	DATE	DATE	DATE
East End Life	March 16, 2015	April 6, 2015	June 15, 2015
Greenwich Time	March 24, 2015	April 7, 2015	June 23, 2015
Hackney Gazette	March 19, 2015	April 9, 2015	June 18, 2015
Islington Gazette	March 19, 2015	April 9, 2015	June 18, 2015
Lewisham Mercury	March 25, 2015	April 8, 2015	June 17, 2015
Newham Recorder	March 18, 2015	April 8, 2015	June 17, 2015
Southwark News	March 19, 2015	April 9, 2015	June 18, 2015
Waltham Forest News	March 30, 2015	April 20, 2015	June 22, 2015

3.23 The consultation documents consisted of the following:

- An interactive map so that postcodes could be identified to see if the property was in the proposed designated area.
- Benefits of a selective licensing scheme – Appendix Five
- Evidence Base for a scheme – Appendix Two
- Equalities Impact Assessment – Appendix Six
- Consultants analysis linking the PRS with anti-social behaviour – Appendix Three
- Frequently Asked Questions – Appendix Seven
- Fee Structure – Appendix Eight ( calculation of fees added after consultation)
- Rental Standards for Houses in Multiple Occupation – Appendix Nine
- Statutory Management Standards for Houses in Multiple Occupation – Appendix Ten
- Licence conditions – Appendix Eleven

- 3.24 The on line questionnaire was aimed at three distinct groups; landlords/managing agents/agent – tenants/residents – businesses or service providers. We received 199 on-line submissions.

### Consultation Results

- 3.25 The consultation responses varied, but in broad terms the tenants were in favour of a licensing scheme and the landlords were not in favour.
- 3.26 We also received written submissions from interested groups – namely the National Landlord Association and Tower Hamlets Renters. There submissions are within Appendix Twelve and Thirteen respectively.
- 3.27 A number of individual written submissions were received and these are summarised at Appendix Fourteen. These were predominately from landlords who were against the scheme. One portfolio landlord was requesting exemption from licensing due to their membership of ANUK (Accreditation Network UK) – a national accreditation scheme for the provision of rented accommodation for students.
- 3.28 The public meetings were not well attended, with only a few individuals coming to each public meeting. These were mainly landlords and their views were mainly not in favour of the scheme. A summary of their views are detailed in Appendix Fifteen.
- 3.29 The online questionnaire is detailed in Appendix Sixteen and from the results a series of graphs have been prepared to demonstrate the views expressed from the three main groups: landlords/managing agents – residents/tenants – and businesses/service providers. These graphs can be viewed in Appendix Seventeen and cover general responses, sector specific responses and tenant responses.
- 3.30 The spread of online questionnaire responses were 4 from businesses/service providers, 103 from Landlords/Managing Agents/Agents and 92 from tenants/residents. The majority of the responses within the Landlord/Managing Agent/Agent group were from individual landlords.
- 3.31 The most respondents were white males within the age group of 30-39.
- 3.32 The support for licensing across the wards was positive from the business grouping and positive from the tenants/residents but negative from the landlord grouping. When the views were considered overall, it is an even split in most wards, but with a greater proportion of respondents being positive for the Spitalfields/Banglatown and Whitechapel areas being licenced.
- 3.33 Approximately one third of respondents had been a victim or witnessed anti-social behaviour, the majority of those coming from the tenant/resident grouping.

- 3.34 The majority of the landlord grouping either owned or managed properties in other areas of Tower Hamlets. The highest numbers of respondents had properties in Blackwall and Cubitt Town, Whitechapel, Millwall, Bow East respectively.
- 3.35 The landlord grouping did not specifically identify a common problem encountered with tenants – this highest concern recorded was rent arrears.
- 3.36 The majority of landlords/managing agents requested references from their tenants and found that they could let property quickly or had waiting lists.
- 3.37 The majority of residents/tenants that responded were in the wards under consideration for selective licensing, but approximately a third of respondents were also outside those areas. From those that responded, about one third had lived in the same property for the past 5 years, with a quarter living in the same property for that last 2-5 years.
- 3.38 The majority of respondents from the residents/tenants grouping felt safe in their home. It was also recorded a significant proportion felt that landlords did not take action against tenants who caused a nuisance, but just under half of respondents did say they 'did not know' in response to this question. The majority (79%) also felt that the anti-social behaviour was not caused by the residents/tenants.
- 3.39 The majority of residents/tenants felt that landlord/managing agents were not maintaining their properties and those landlords did not always act responsibly.
- 3.40 In conclusion, the consultation results were mixed with landlords/managing agents against licensing and tenants /business supportive of it. A third of respondents reported being a victim of or witnessing anti-social behaviour in connection with the sector.
- 3.41 The consultation exercise undertaken would pass the criteria detailed in 3.10d.

#### Alternative Options

- 3.42 The Council Executive cannot make a designation unless it has considered other causes of action that may achieve the same objective of reducing anti-social behaviour, for which the selective licensing scheme is intended to address, as detailed in paragraph 3.10e.
- 3.43 Appendix Eighteen demonstrates the other courses of action previously considered and they should be reviewed again. Each of the processes detailed may assist with dealing with anti-social behaviour and poor management practices but none, either collectively or individually would be sufficient to resolve it without further additional intervention. It is proposed that selective licensing would contribute to a co-ordinated strategy which links agencies and services together to obtain and improved impact on ASB levels

with consequential impacts on landlord and tenant behaviour and positive tenant experience.

### Overall Housing Strategy, Empty Homes and Homelessness

- 3.44 Every resident in the Borough has right to live in a home that meets a decent standard and is managed effectively – this is the overarching aim of the Housing Strategy. The standard of homes and management varies considerably in the borough and the Council wants to see all social sector housing and private rented housing, private housing occupied by vulnerable sector households raised to decent homes standards and wants all landlords delivering a good management service. It is expected that selective licencing will contribute to this aim, as required in paragraph 3.10f.
- 3.45 There is an undoubted housing need in the Borough and there are properties in the Borough that are vacant, which could provide much needed accommodation. During the last housing stock condition survey, there were approximately 1,500 homes empty for six months or more. The selective licensing scheme would assist in identifying owners and encouraging them to bring properties back into use.
- 3.46 Whilst the focus of the landlord licensing scheme must be to address ASB it would also ensure better management practices and should help to increase the length of tenure and reduce incidence of unplanned moves or homelessness.
- 3.47 Welfare Reform through capping of Local Housing Allowance (LHA) levels, applying the single person allowance to singles under 35 and the introduction of Universal Credit will further change the face of private sector renting in the borough. Increasingly local residents will not be able to rent within the borough, forcing many households out of Tower Hamlets or into worse and more crowded homes.
- There are over 1,996 households in temporary accommodation placed by the council; this has increased by 10 per cent in the last 12 months.
  - In 2013/14 the Housing Options Team made 882 homeless decisions, this is 25% up on decisions made in 2012/13.
  - 557 households were accepted in 2013/14, 24 per cent down on 2008/9.
  - During 2013/14 the Housing Options Team prevented over 731 households becoming homeless.
  - Although the general trend in homelessness has been downwards over the last four years, these trends have shown an upwards turn across the London region since the second quarter of 2011/12.
- 3.48 Selective Licensing is aimed at primarily tackling anti-social behaviour related to private renting but it will not operate in isolation and is part of wider strategies to improve standards and conditions including local neighbourhood

problems. A considerable growth in the private sector has been identified and associated issues are a high priority, but the Council also recognises that a quality, well managed rental market is an essential resource.

- 3.49 The intention is that licensing should assist the local rental market through clear standards which property owners and agents will operate in a consistent way. Licensing is expected to encourage stable, long-term tenancies to the benefit of landlords and tenants. Appendix Nineteen consider other complementary action that can be taken alongside or pursued instead of selective licensing.
- 3.50 The outcome of the proposed scheme would be the reduction of anti-social behaviour linked to the private rented sector. To measure the effectiveness of the scheme, a review would be undertaken to revisit the work carried out by Mayhew Associates using their report as a benchmark. This further comprehensive review would be undertaken once the scheme has become established with a view to developing some further KPI's for ongoing monitoring purposes.

#### Date of designation

- 3.51 Once a designation has been approved and a commencement date set there is a statutory process that needs to be followed. The supporting technology is still being developed and it is estimated that it will take up to six months before this will be operational from the point at which it is commissioned, at an approximate cost of £200,000. This commission cannot progress until the Executive has taken a formal decision to proceed with the scheme. This will push the commencement date back further. A review of the cost implications of bringing forward the commencement date by temporarily increasing staff levels whilst the technology is being commissioned is currently being completed and would need CEO and Executive consideration.
- 3.52 The fee structure is at Appendix Eight.

#### Options

- 3.53 Cabinet could decide to take the following options:
- Not to introduce a scheme
  - To take the original proposal to the Secretary of State for permission to designate all proposed areas for selective licensing.
  - To introduce a scheme that meets the current 20:20 rule, thus removing some areas from the designation therefore not requiring Secretary of State approval.
  - To introduce a scheme that meets the current 20:20 rule, thus removing some areas from the designation and at a later date ask the Secretary of State permission to extend the scheme to include all areas in the original proposal

- 3.54 The rationale for introducing a licensing scheme within linked areas was highlighted by the consultant that reviewed the PRS in relation to anti-social behaviour in that 'many of the wards in question are both small in area and contiguous. Hence it can be argued that introduction of licensing in one ward may not make sense if the problem straddles neighbouring wards or landlords shift their focus to an unlicensed neighbouring ward, as seems likely'. Thus it would make sense to licence linked areas.
- 3.55 When reviewing the evidence base in light of the new government restriction it is noted that Weavers, Whitechapel and Spitalfields and Banglatown are reflected more often in the high risk criteria parameters.

### Licence Fees

- 3.56 The Licence Fees were included in the consultation process and are listed in Appendix Eight. When fixing fees under selective licensing the local housing authority may take into account all the costs incurred by the authority in carrying out their functions in relation to selective licensing. However, the EU Directive and the Provision of Services Regulations 2009 states:
- 'Any charges provided for or by a competent authority which applicants may incur under an authorisation scheme must be reasonable and proportionate to the cost of the procedures and formalities under the scheme and must not exceed the cost of those procedures and formalities'
- 3.57 Thus, the fees can cover the actual cost of the application and authorisation process and no more. The costs related to the enforcement against landlords that do not licence are not recoverable when setting the licence fee. Only when enforcement action is taken are these costs recoverable through the legal process.
- 3.58 The administration of the scheme is such that it can be self-funding over the five year period if fees were set at maximum allowable levels.
- 3.59 It is anticipated that the majority of applications will be received within the first year and this will require staff profiling at a technical and administrative level that can deal with the capacity issues this will generate. In the latter years, Environmental Health staff will need to be employed to carry out inspections to ensure that the licence conditions are maintained.
- 3.60 The scheme cannot fund certain elements of enforcement. The cost of enforcement to secure compliance with the scheme cannot be met through the licence fees generated. Whilst the costs of enforcing licencing conditions set by the scheme can be met by the charges for the scheme the carrying out enforcement in relation to property standards not explicitly linked to licensing conditions cannot be. The cost implication of this to the council is currently being modelled.



- 3.61 An initial equalities check list has been undertaken and is at Appendix 20. This assessment has determined that there are little adverse equality impacts at present, but this assessment will be reviewed as the project progresses.

#### Current and Proposed changes to the Regulatory Landscape

- 3.62 From the 1<sup>st</sup> October 2015, landlords will be required to install smoke alarms on every floor of their property, to test them at the start of every tenancy and to install carbon monoxide alarms in high risk rooms.

#### Deregulation Act 2015

- 3.63 There has also been new protection brought in to protect tenants from retaliatory evictions. This is where a tenant makes a legitimate complaint to their landlord about the condition of their property and instead of making the repair the landlord serves them with an eviction notice.
- 3.64 The new rules are set out in the Deregulation Act 2015 and apply to all new assured short hold tenancies that start on or after the 1<sup>st</sup> October 2015. The protection commences for tenancies after this date, where a tenant has, in writing, notified the landlord of a complaint about the condition of their property. The landlord will not be able to give notice to vacate and recover possession of the premises as a direct response to the complaint. The landlord must give an adequate response to the complaint in writing within 14 days and include details of how he proposes to deal with the issue, and a timescale for the work to be carried out. The Act sets out what an adequate response will have to include. If after 14 days the landlord does not reply or serves the tenant with an eviction notice, the tenant should contact the Environmental Health Service to verify the need for repair. If the complaint is verified the Environmental Health Service will escalate the action by trying to deal with the landlord informally and then issue a remedial notice if necessary on the landlord to carry out the necessary work. If a remedial notice is served then the landlord cannot evict the tenant for 6 months using the no-fault eviction procedure.
- 3.65 In addition to the protection from retaliatory eviction, the landlord should provide the tenant with the following documents at the start of a new tenancy or as soon as possible thereafter; if these documents are not provided then a no-fault eviction notice cannot be served.
- Energy Performance Certificate
  - Annual Gas Safety check
  - The ' How to rent: checklist for renting in England' booklet
  - Any mandatory information required by other legislation such as Tenancy deposit protection information.

3.66 The no-fault eviction notice cannot be served within the first four months of a tenancy; this is at the start of the original tenancies not a subsequent replacement of the tenancy.

#### Consultation on extending mandatory HMO licensing

3.67 The Government in November 2015, launched a consultation of extending the scope of mandatory HMO licensing, with an intention to make these changes during 2016. The main changes the consultation is considering are:

- Extending the scope of a mandatory HMO licence irrespective of the number of floors the building has – currently a mandatory HMO must have three storeys, or restricting the mandatory licence to two storeys.
- The occupation trigger is likely to remain at 5 persons from two or more households, although reducing this is covered in the consultation.
- Considering that self-contained flats that do not meet building regulations (and still do not comply with them) may be covered by mandatory licensing.
- Consideration of including all flats in multiple occupation above and below business premises as requiring a mandatory licence.
- Setting prescribed room sizes within HMO's
- Removal of the exemption from selective licensing to letting to family members.
- Simplifying the process for applying for an HMO or other residential property licence.

3.68 If the Government introduces some or all these changes within 2016, they will have little effect on the selective licensing scheme as all property within the private rented sector will need to have a licence, either mandatory HMO or a selective licence. It will no doubt increase the numbers of HMO's that will need licensing in the remainder of the Borough. There would be an effect on additional licensing schemes, which currently require HMO's to be licensed, this in effect may make them redundant depending on the scope and the extent of the proposals.

#### Proposals within the Housing and Planning Bill 2015

3.69 The current Housing and Planning Bill that is being reviewed by Parliament covers a range of measures that are designed to tackle rogue landlords and letting agents:

- Banning Orders: Councils would be able to apply for banning orders to stop poor landlords/letting agents from property management for six months if they are convicted of a banning order offence.
- Central database of rogue landlords and letting agents: The Bill states that the Secretary of State must establish and operate the database of rogue landlords and property agents.

- Rent Repayment Orders: these will be extended from the provisions currently contained in the Housing Act 2004 to rogue landlords who have committed a defined offence.
- Financial Penalties – Councils would be able to impose these penalties for defined offences
- Amended fit and proper person test for landlords who apply for licences, they must show that they are entitled to remain in the UK and not insolvent or bankrupt.
- Tenancy Deposit Schemes: Councils would be able to use information held by these schemes to carry out HMO licensing functions, where multiple deposits are registered against one address which does not hold a HMO licence.

### Additional Licensing of Houses in Multiple Occupation

- 3.70 These adoptive provisions are available to the Council, if there is a desire to licence all Houses in Multiple Occupation, that fall outside the scope of mandatory HMO licensing. The 20:20 rule does not apply to this designation and the Council may currently designate the whole Borough as additional licensing, under a general approval from the Secretary of State.
- 3.71 This provision was not previously investigated as before a designation can be made a significant proportion of the HMO's, of the description, to which the scheme would be intended to apply would need to be managed sufficiently ineffectively so that they are causing or have potential to cause particular problems either for the occupiers or members of the public.
- 3.72 It is not the intention of the legislation that additional licensing should apply to all types of HMO's across the Borough – it should be used to tackle specific problems in specific areas.
- 3.73 Before making a designation, the Council must consult with persons likely to be affected by it and must consider those persons representations.
- 3.74 Before making a designation for additional licensing, the following criteria need to be met:
- The problems that additional licensing is intended to address and the scale and impact of those problems.
  - Consideration of any alternative courses of action available.
  - How such a designation is consistent with its overall strategy and how it is co-ordinated in combating anti-social behaviour, homelessness and empty homes in the private rented sector.
  - The outcome of the designation and the measures to be put in place to evaluate the effectiveness in delivering its objectives.
- 3.75 Cabinet may wish to explore introducing licensing of non mandatory licensed HMO's across the Borough. If so, they may wish to wait for the outcome of the current consultation extending the definition of a mandatory licensable HMO.

- 3.76 If Cabinet wish to consider introducing additional licensing, then further research work would need to be undertaken by a Housing consultancy to demonstrate the need for it.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 This report considers the outcome of the consultation process and makes recommendations on the options available for the introduction of a registered licensing scheme for the private rented sector. The full financial implications of a Selective Licensing scheme will be determined by the extent of the designation if approved, and the adoption of the proposed fee structure set out in Appendix Eight.
- 4.2 The report further highlights the need to upgrade the IT infrastructure at an estimated cost of approximately £200,000. The supporting technology will need to be procured six months in advance of the scheme becoming operational. The cost would be recovered from the 5 year licence fee. The fee is therefore calculated to ensure the ability of the Council to levy a reasonable charge for a licence that would ensure that the full costs including administration in relation to any final proposal will be financially neutral for the authority.

#### **5. LEGAL COMMENTS**

- 5.1 Part 1 of the Housing Act 2004 ('the 2004 Act') deals with Housing Conditions including the Enforcement of Housing Standards, service of notices and enforcement actions. Section 3 of the 2004 Act provides that the Council must review the housing conditions in their area with a view to identifying any action that may need to be taken in relation to the list of matters at subsection 3(2), which includes, inter alia, licensing of HMOs, selective licensing and management orders.
- 5.2 The selective licensing of residential accommodation other than HMOs is governed by Part 3 of the 2004 Act. Section 79 of the Act provides for houses to be licensed by the Council where there are houses in the Council's area which are designated as selective licensing areas.
- 5.3 As provided by section 79(5), every local housing authority has a general duty to make arrangements to secure the effective implementation in their district of the licensing regime and to ensure that all applications for licences and other issues falling to be determined by the authority are determined within a reasonable time.
- 5.4 Section 80 provides that the Council may designate either the area of their district or an area in their district as subject to selective licensing if the area is, or is likely to become, an area of low housing demand and that making a

designation will, when combined with other measures taken in the area by the local housing authority contribute to the improvement of the social or economic conditions in the area as provided in section 80(3) OR that the area is experiencing a significant and persistent problem caused by anti-social behaviour; that some or all of the private sector landlords who have let premises in the area (whether under leases or licences) are failing to take action to combat the problem that it would be appropriate for them to take; and that making a designation will, when combined with other measures taken in the area by the local housing authority, or by other persons together with the local housing authority, lead to a reduction in, or the elimination of, the problem as provided in section 80(6).

- 5.5 The report sets out the framework for the consultation which has already taken place.
- 5.6 Since 1 April 2015, new rules require Local Authorities to gain approval from the Secretary of State for any selective licensing scheme which would cover more than 20% of their geographical area or would affect more than 20% of privately rented homes in the local authority area, which seeks to prevent local authorities from being able to create ‘blanket’ schemes on privately rented properties. If the Selective Licensing Scheme does not exceed these figures, the Council can give general approval as provided by Section 82. The report gives the figures for the varying wards and whether the figure would or would not be exceeded.
- 5.7 In terms of the actual designation by LB Tower Hamlets and who has authority to designate, the decision is an Executive Function. Executive functions are ordinarily exercised by the Mayor and Cabinet unless it is a Key Decision reserved to Full Council.

A “Key Decision” under Article 13 is an executive decision which is likely (a) to result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority’s budget for the service or function to which the decision relates; or (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the borough. The Council has not adopted a financial threshold for key decisions. The criteria in determining what amounts to a key decision include the following:

- Whether the decision may incur a significant social, economic or environmental risk.
- The likely extent of the impact of the decision both within and outside of the borough.
- Whether the decision is likely to be a matter of political controversy.
- The extent to which the decision is likely to result in substantial public interest.

A decision taker, when making a decision may only make a key decision in accordance with the requirements of the Executive Procedure Rules set out in Part 4 of the Constitution.

- 5.8 By virtue of section 82 the designation of an area as subject to selective licensing cannot come into force unless it has been confirmed by the appropriate national authority (being the Secretary of State; or it falls within a description of designations in relation to which that authority has given a general approval in accordance with subsection (6). Therefore, in circumstances where general approval is given on the basis of the less than 20% rule, the designation will come into force on the date specified in the designation, which must be no earlier than 3 months after the designation is made.
- 5.9 Section 83 provides that as soon as the designation is made or confirmed, the Council must publish in a prescribed format, a notice stating that the designation has been so made, whether or not the designation was required to be confirmed and either that it has been confirmed or that a general approval under section 82 applied to it, the date on which the designation is to come into force, or confirmed and given general approval by the Council, the date it came into force and other information which may be prescribed by regulations.
- 5.10 Notices in the prescribed manner referred to above mean in accordance with Regulation 9 of the Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006, which sets out publication requirements relating to designations made under Part 2 or Part 3 of the 2004 Act. Paragraph 9 of the Regulations provide as follows:
- (2) Within 7 days after the date on which the designation was confirmed or made the local housing authority must*
- (a) place the notice on a public notice board at one or more municipal buildings within the designated area, or if there are no such buildings within the designated area, at the closest of such buildings situated outside the designated area;*
- (b) publish the notice on the authority's internet site; and*
- (c) arrange for its publication in at least two local newspapers circulating in or around the designated area*
- (i) in the next edition of those newspapers; and*
- (ii) five times in the editions of those newspapers following the edition in which it is first published, with the interval between each publication being no less than two weeks and no more than three weeks.*
- (3) Within 2 weeks after the designation was confirmed or made the local housing authority must send a copy of the notice to*
- (a) any person who responded to the consultation conducted by it*
- (b) any organisation which, to the reasonable knowledge of the authority*
- (i) represents the interests of landlords or tenants within the designated area; or*
- (ii) represents managing agents, estate agents or letting agents within the designated area; and*
- (c) every organisation within the local housing authority area that the local housing authority knows or believes provides advice on landlord and tenant matters, including*
- (i) law centres;*

- (ii) citizens' advice bureaux;
- (iii) housing advice centres; and
- (iv) homeless persons' units.

(4) In addition to the information referred to in section .... 83(2) (a), (b) and(c), the notice must contain the following information

- (a) a brief description of the designated area;
- (b) the name, address, telephone number and e-mail address of
  - (i) the local housing authority that made the designation;
  - (ii) the premises where the designation may be inspected; and
  - (iii) the premises where applications for licences and general advice may be obtained;
- (c) a statement advising any landlord, person managing or tenant within the designated area to seek advice from the local housing authority on whether their property is affected by the designation; and
- (d) a warning of the consequences of failing to licence a property that is required to be licensed, including the criminal sanctions.

- 5.11 Unless previously revoked, a designation lasts no longer than 5 years after the date it came into force. There are publication requirements on revocation under Regulation 10 of the Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006.
- 5.12 Section 95 of the 2004 Act, provides that it is a criminal offence to let a property that is required to be licensed, which is not licenced and any person convicted of a summary offence may be liable to a fine of any amount. Failure to apply for a licence may result in the prosecution of a person having control of or managing a house (e.g. landlords and/or managing agents). Additionally a licence holder that fails to comply with the terms of his licence or any restrictions or obligations under the licence may also result in prosecution. A person convicted of either summary offence may be liable to a fine not exceeding £5,000.
- 5.13 The Secretary of State, in exercise of the powers conferred by section 150(1) to (6) and (10) of the Energy Act 2013(1) and paragraph 3(a) of Schedule 4 to the Housing Act 2004(2), made The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 which came into force on 1st October 2015.
- 5.14 Regulation 4 of the above Regulations imposes duties on landlords in relation to prescribed alarms as referred to at paragraph 3.62 above.
- 5.15 Regulation 5 imposes a duty on local housing authority to serve a remedial notice where the local housing authority has reasonable grounds to believe that, in relation to premises situated within its area, a relevant landlord is in breach of one or more of the duties under regulation 4(1).
- 5.16 Regulation 7 imposes a duty on a local housing authority to arrange remedial action where it is satisfied, on the balance of probabilities, that a landlord on whom it has served a remedial notice is in breach of the duty. The authority must, if the necessary consent is given, arrange for an authorised person to

take the remedial action specified in the remedial notice. Further, the local housing authority must ensure the authorised person takes the remedial action within 28 days beginning with the day on which the authority is first satisfied under paragraph that a notice has been served and the landlord is in breach of the duty.

- 5.17 By virtue of Regulation 8 where a local housing authority is satisfied, on the balance of probabilities, that a landlord on whom it has served a remedial notice is in breach of the duty, the authority may require the landlord to pay a penalty charge of such amount as the authority may determine. The amount of the penalty charge must not exceed £5,000. Where a local housing authority decides to impose a penalty charge, the authority must serve notice of that fact on the landlord (“a penalty charge notice”) within six weeks beginning with the day on which the authority is first satisfied of the breach (8(3)). Regulation 9 sets out what must be contained in the Penalty Notice and Regulations 11 and 12 deal with appeals against the penalty and enforcing recovery of the penalty.
- 5.18 The Deregulation Act 2015 (‘the 2015 Act’) deals with Housing and development at sections 28 to 48 of the Act. The 2015 Act brings in new measures to protect tenants from eviction when they raise a complaint about the condition of their home in the private rented sector. It should be noted that sections 33 to 40 apply only to an assured shorthold tenancy of a dwelling-house in England granted on or after the day on which the provision comes into force. A provision of sections 33 to 40 does not apply to an assured shorthold tenancy that came into being under section 5(2) of the Housing Act 1988 after the commencement of that provision and on the coming to an end of an assured shorthold tenancy that was granted before the commencement of that provision.
- 5.19 Section 33 of the Act provides that:
- where a relevant notice is served, a section 21 notice may not be given in relation to an assured shorthold tenancy of the dwelling within six months beginning with the day of service of the relevant notice, or where the operation of the relevant notice has been suspended, within six months beginning with the day on which the suspension ends.
  - A section 21 notice given in relation to an assured shorthold tenancy of a dwelling-house in England is invalid where before the section 21 notice was given, the tenant made a complaint in writing to the landlord regarding the condition of the dwelling-house and the landlord (i) did not provide a response to the complaint within 14 days beginning with the day on which the complaint was given, (ii) provided a response to the complaint that was not an adequate response, or (iii) gave a section 21 notice in relation to the dwelling-house following the complaint, the tenant then made a complaint to the relevant local housing authority about the same, or substantially the same, subject matter as the complaint to the landlord, the relevant local housing authority served a relevant notice in relation to the dwelling-house in response to the complaint, and if the section 21 notice was not given before the tenant’s complaint to the local housing authority, it was given before the service of the relevant notice.



- Where the local authority has served an improvement notice or notice of emergency remedial action, the tenant is protected from eviction for 6 months from the date of service of that notice, regardless of whether they raise the issue with the landlord first. Where tenants are seeking to have a s.21 notice that has already been served to be found invalid, they need to have raised the complaint with the landlord first.
- 5.20 By virtue of Section 36 of the 2015 Act, landlords can no longer serve a Section 21 Notice within the first four months of the start of the tenancy. In the case of a renewed tenancy, the four month period is calculated by reference to the start of the original tenancy and not the start of the replacement tenancy, unless the tenancy is a periodic tenancy under which more than two months' notice is required.
- 5.21 Section 37 sets out the prescribed form of section 21 notices. The 2015 Act introduces a new standard form for section 21 eviction notices which must be used for all tenancies created on or after 1 October 2015.
- 5.22 As a general point it should be noted that Enfield Council's selective Licensing Scheme (a borough-wide scheme) was successfully quashed in December 2015. On Thursday 11 December, His Honor Judge McKenna, in the High Court, handed down his judgment which quashed Enfield Council's designations for additional and selective licensing schemes, which would have required all private rented property in the borough to be licensed from 1 April 2015. Judge McKenna found that Enfield Council had failed to properly consult the persons who should have been consulted and did not consult for the required time. Any flaws in the consultation process and failure to properly consider consultation responses could result in challenges from landlords as occurred with Enfield. LBTH should therefore be satisfied as to its consultation before proceeding to designate an area. Point 3 of the report sets out the Consultation process including relevant dates, the results and alternative options considered.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 The Equalities Impact Assessment has been reviewed in respect of the consultation exercise and no adverse issues have been identified.

## **7. BEST VALUE (BV) IMPLICATIONS**

- 7.1 The Council is fulfilling its best value duty by considering that those landlords that impose a cost on managing anti-social behaviour, contribute financially to its regulation.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 8.1 There are no environmental impacts with regards to this scheme, however it is likely that cold and damp properties that are identified will be made more energy efficient.

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1 There is a possibility that the proposal will be judicially reviewed by landlord associations.

## **10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 10.1 The Appendices to the report identifies the current anti-social behaviour statistics data. If adopted, the scheme should have a downward pressure on the number of anti-social behaviour incidents and complaints.

## **11. SAFEGUARDING IMPLICATIONS**

- 11.1 There are no identified safeguarding implications for undertaking the licensing scheme.

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

None

### **Appendices**

Appendix One – Pre 2014 wards as a percentage of the borough area against percentage of total properties in the private rented sector.

Appendix Two- Evidence base for designating pilot areas for licensing the private rented housing sector within the London Borough of Tower Hamlets

Appendix Three- The private rented sector and anti-social behaviour – Dr Mayhew and associates.

Appendix Four – Tenure as percentages

Appendix Five – Benefits of a selective licensing scheme

Appendix Six – EQIA used in consultation

Appendix Seven – Frequently asked questions

Appendix Eight- Landlord selective licensing scheme – fees

Appendix Nine – Private rented Housing Property Standards

Appendix Ten – Houses in multiple occupation – management

Appendix Eleven – Selective Licence conditions

Appendix Twelve – National Landlord Association response

Appendix Thirteen – Tower Hamlets Renters and Tower Hamlets Unit Community Centre response

Appendix Fourteen – Written responses

Appendix Fifteen – Questions and responses at the public consultation meetings

Appendix Sixteen- On line Questionnaires

Appendix Seventeen – Consultation responses from on line questionnaires

Appendix Eighteen – Other courses of action – positives and negatives

Appendix Nineteen – Complementary action

Appendix Twenty – Equalities Impact Assessment


**Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

None

**Officer contact details for documents:**

N/A

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<p><b>Cabinet</b></p> <p><b>2 February 2016</b></p>	
<p><b>Report of:</b> Stephen Halsey, Corporate Director – Communities, Localities and Culture</p>	<p><b>Classification:</b> Unrestricted</p>
<p><b>Consultation of the late night levy for licensed premises</b></p>	

<b>Lead Member</b>	<b>Councillor Shira Khatun, Cabinet Member for Deputy Mayor and Cabinet Member for Community Safety</b>
<b>Originating Officer(s)</b>	David Tolley – Head of Environmental Health and Trading Standards
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	No
<b>Community Plan Theme</b>	<b>A Safer and Cohesive Community</b>

## Executive Summary

The Police Reform and Social Responsibility Act 2011 have introduced an adoptive provision whereby Local Authorities may impose a late night levy on businesses that sell alcohol between midnight and 06.00am.

This report considers whether a Late Night Levy (LNL) should be applied to those premises in the Borough that sell alcohol between the adoptive period which can be within a defined period between midnight and 6.00am.

The additional income raised from the levy must be spent on managing the night time economy and is split between the Metropolitan Police and the Council on a 70:30 percentage basis.

To enable the levy to be introduced across the Borough a consultation of businesses and other interested groups that may be affected by the introduction of the levy must be carried out.

## Recommendations:

The Mayor in Cabinet is recommended to:

1. To note the adoptive powers under the Police Reform and Social Responsibility Act 2011.
2. To consider and comment on whether the Council should consult on the adoption of the powers for introducing a late night levy, along the basis outlined within the report.

## **1. REASONS FOR THE DECISIONS**

- 1.1 If Cabinet wish to consider adopting a night time levy for licensed premises selling alcohol, then a consultation must take place of interested stakeholders including all relevant businesses.
- 1.2 Cabinet is not committed to adopting the Late Night Levy after undertaking a consultation. However, if it does it would have to provide clear justified reasons why it feels that a levy is required. Any decision of this nature undertaken by the Council is open for Judicial Review. The recorded crime data would support the justification for the levy.
- 1.3 If after consultation, a licensing scheme is adopted, there is likely to be a request from businesses to vary their licences so they will not come within the scope of the levy, resources would need to be allocated to deal with these additional requests.

## **2. ALTERNATIVE OPTIONS**

- 2.1 Cabinet may wish to keep the status quo and not require businesses that sell alcohol past midnight to pay the late night levy to help to fund the management of the late night economy.

## **3. DETAILS OF REPORT**

- 3.1 The Police Reform and Social Responsibility Act 2011 has introduced the provision for Local Authorities to impose a late night levy for the sale of alcohol within their area.
- 3.2 The Regulations governing the introduction of the levy, set the amount of levy that can be imposed in relation to the rateable value of the property, how the levy should be divided amongst the Metropolitan Police and Local Authority and the type of activities that the levy can be spent on within the Local Authority. The levy is set by Government depending on the rateable value of the property that is licenced to retail alcohol, in the same manner that the annual licence fee is set.
- 3.3 The levy enables the Local Authority to raise a contribution from late opening alcohol suppliers towards policing the night-time economy. It is a provision which the Local Authority has the power to adopt, but the levy must cover the whole of the licensing authorities' area. The Local Authority can also choose the period during which the levy applies every night, between midnight and 6.00am, but it must be the same for every day. There is also a possibility for specific exemptions and reductions to be granted with regards to the levy payment.
- 3.4 The aim of the levy is to empower Local Authorities to charge businesses that supply alcohol late into the night for the extra enforcement costs that the night-time economy generates for police and licensing authorities. The

Government consider it is right for businesses which profit by selling alcohol in the night time economy to contribute towards the costs of managing the night-time economy, rather than relying on other taxpayers in the community to bear the full costs.

- 3.5 The Metropolitan Police have stated that they do post additional staff, a Police Sergeant and 6 Police Constables, every Friday and Saturday night to deal with for specific night-time economy issues. Under a special services agreement the cost of such a posting would be in the region of £336,752 a year.
- 3.6 There are approximately 200 alcohol related ambulance call-outs per month. In relation to all ambulance call-outs in Tower Hamlets, 17% are between midnight at 6.00am for the whole week, with 22% and 15% at weekend and weekdays respectively during midnight and 6.00am. As a general rule it has been estimated that one third of ambulance pick-ups are alcohol related.
- 3.7 The licensing authority must consider the desirability of introducing a levy in relation to the costs of policing and other arrangements for the reduction or prevention of crime and disorder.
- 3.8 If the local authority chooses to introduce the levy in their area, all licensed premises which are authorised to sell alcohol within the levy period will be able to make a free minor variation to their licence before the levy is introduced, so as to avoid the levy.
- 3.9 The Metropolitan Police would receive approximately 70% of the net levy revenue. The net levy revenue amount would be less deduction by the Local Authority for such items as the collection of payments, procedure for implementation of the levy and publication of its statutory statement. MOPAC have indicated that it would agree to have their allocation spent within the Borough through the current partnership arrangements.
- 3.10 The Local Authority must allocate their proportion of the net levy amount on the following activities:
  - Reduction or prevention of crime and disorder
  - Promotion of public safety
  - Reduction or prevention of public nuisance
  - Cleaning of any relevant highway or relevant land in it' area
- 3.11 The estimate from the income of the LNL is detailed in Appendix One, it must be noted that this is an estimate only and is dependent on the exemptions and reductions that may be granted. The provision of free minor variations during the lead up period to the introduction of the levy would have an impact on the estimates presented in the appendices.
- 3.12 The increase in annual fee for the licence holder is shown in Appendix Two. It must be noted that the annual fee, without the levy component is set by Government depending on the rateable value of the property and not locally.

The fees set for licensed premises have not increased since their introduction in 2005. During the intervening 10 years, the demand for services along with premises opening late, it is now appropriate to determine other ways of financing the services needed to manage the impacts of late night opening.

- 3.13 Appendix Three shows the type of premises usage that would be affected by the introduction of the levy fee, the relevant Licensing period in intervals of one hour and the Valuation Band.
- 3.14 In the case of current late night licences the levy is payable annually along with the licence fee. With new licences, it is payable within 14 days of the grant of the licence and reverts back to annually afterwards.
- 3.15 If the levy is not paid within 21 days, the council is required to suspend the premises licence pending payment.

### Consultation

- 3.16 The local authority must consult before the introduction of the levy, that consultation must include MOPAC, the relevant chief officer of police and businesses affected.
- 3.17 The consultation document must state its intention to introduce a levy, its proposed design and the services that the licensing authority intends to fund with its share of the levy revenue.
- 3.18 The consultation must be published on line and in a local newspaper, details sent to MOPAC and the chief officer of police, and all licensed premises that are permitted to sell alcohol for the times when the levy will apply.
- 3.19 The licensing authority will need to assess the consultation responses and make a final decision about the introduction of the levy, which will need to be approved by full Council.
- 3.20 It is suggested that the date of commencement of the late night levy, would come into effect three months after adoption by full Council, to enable licenced premises the opportunity to make variations to avoid having to pay the levy.
- 3.21 The supply period for the determination of the levy would need to be made by Members. It is suggested that the time period should commence at midnight, as this may have a greater impact on reducing reported crime and ant-social behaviour.

### *Potential Exemptions from the LNL*

- 3.22 The legislation for the introduction of the LNL state that certain premises can be exempt from paying the levy. This will form part of the consultation process, but an indication of the exempt premises should be given in the consultation document. These are;



- Premises with overnight accommodation
- Theatres and cinemas
- Bingo Halls
- Community Amateur Sports Clubs
- Community premises
- Country village pubs
- Business Improvement Districts
- Premises authorised to sell alcohol between 00:00 and 06:00 on 1<sup>st</sup> January every year (but not between those times on any other day of the year)

3.23 It is proposed, as a basis for any consultation, that the following premises, as permitted by regulations, are exempt or not exempt from the levy for the following reasons.

**Premises with overnight accommodation:** this exemption would not apply if alcohol is served during the late night supply period to members of the public who are not staying overnight. It is considered that these premises do not contribute significantly to the detrimental effects of the late night economy.

**Theatres and cinemas:** This exemption applies if alcohol is served during the late night supply period only for consumption on the premises to ticket holders, participants in the production or invited guests to private events; they must be bona-fide theatres or cinemas and the sale of alcohol must not be their primary purpose. It is considered that these premises do not contribute significantly to the detrimental effects of the late night economy.

**Bingo Halls:** these premises must have licenses under the Gambling Act 2005 and the playing of bingo must be the primary activity. There are currently no Bingo Halls in Tower Hamlets and should be exempt.

**Community Amateur Sports Club:** these are clubs registered as Community Amateur Sports Clubs that are entitled to various tax concessions. It is considered that these premises do not contribute significantly to the detrimental effects of the late night economy.

**Community Premises:** these are premises that form part of the church hall, chapel hall, community hall and other similar buildings. It is considered that these premises do not contribute significantly to the detrimental effects of the late night economy.

**Country Village Pubs:** these are pubs that are solely designated in rural settlements with a population less than 3000, there are none in Tower Hamlets. There are currently no country village pubs in Tower Hamlets and should be exempt.

**Business Improvement Districts (BIDS):** these should be exempt, there are currently no BIDS in Tower Hamlets and should be exempt.

**New Year's Eve:** appertaining to premises which are authorised to sell alcohol between midnight and 6am only on New Years Day. These premises should be exempt, as for one day a year they would not add to the late night economy pressures, if there was no exemption the premises could apply for a temporary exemption notice which would add burdens on the Council and businesses alike.

#### *Potential Reductions from the LNL*

- 3.24 Licensing authorities can use the late night levy to promote and support participation by premises in other business- led best practice schemes, for example Purple Flag or the Best Bar None schemes . A reduction of 30% of the levy fee could be possible for businesses which participate in such schemes, currently there are 8 businesses that have been awarded the Best Bar None Scheme. The offer of a financial reduction may drive businesses to join these schemes thus increasing participation. It is proposed to offer a conditional reduction to premises that are awarded the Best Bar None award.
- 3.25 A reduction can also be offered to on-trade premises that are in receipt of Small Business Rate relief and have a rateable value of £12,000 or less, currently estimated to be 36 premises. It is proposed not to provide a reduction, these premises receive business rates relief to assist in their viability, however, if they operate in the late night period there is no reason to suggest that they are less likely than similar businesses to contribute to the detrimental effects of the late night economy. Due to their rateable value, they are more likely to be liable to the lower levy amounts.

#### *Proposals*

- 3.26 The Metropolitan Police and the Council would have to determine how they would wish to spend their allocation and detail the additional work that would be carried out to police the night time economy.
- 3.27 Based on the current number of premises opening between midnight and 6am, and using midnight as the point the levy commences, the additional income would be in the region of £300,000. This figure will vary if premises apply to reduce their operating hours. The Council is able to deduct the costs of applying and collecting the levy and it is estimated that this will be in the region of £50,000.
- 3.28 Data has been sourced from the Metropolitan Police in relation to crime statistics. Appendix Four provides details of recorded crime data from 14/15 and this has been established from incidents linked from the use of alcohol and licensed premises against time period after midnight. The graph demonstrates that the peak of crime incidents, within the potential levy period, occurs from 0000 to 0030(195 incidents). Appendix Five a – f plots the anti-social behaviour complaints between 2014/15 relating to licensed premises, and the hourly terminal period of the licence. Appendix Five e and f have relatively low levels of anti-social behaviour complaints and so have not been

'hot spotted'. Appendix Six details the crime numbers and types of recorded crime that the incidents relate to.

- 3.29 Assuming the LNL commenced at midnight, approximately 350 licences could be affected, pending applications for minor variations, the exemptions detailed and licence holders joining the Best Bar None scheme.
- 3.30 It would be proposed that no further exemptions are granted from the levy, unless a good business case is put forward by affected groups during the consultation.
- 3.31 It is anticipated that through the Community Safety Partnership the levy will be spent on addressing the following topics:
- Reduction or prevention of crime and disorder
  - Promotion of public safety
  - Reduction of prevention of public nuisance
  - Cleaning of streets or public spaces
- 3.32 Ideally the Council would work through the Community Safety Partnership to appoint 'Night-time economy enforcement officers'. The licensing authorities' proportion of the levy could support the funding the Best Bar None scheme (public safety) and night-time enforcement Officers to increase the percentage of time spent by the licensing team ensuring licensed premises adhere to legislative requirements, particularly where they have a direct effect on crime and disorder.
- 3.33 It would be anticipated that the Night-time enforcement Officers would work with licensed premises to assist with the prevention of street urination, selling to drunks, rowdy and nuisance behaviour, enforcement of licence conditions, supporting and leading operations to target crime and disorder, providing additional support to prevent street drinking and identifying littering hot spots, graffiti removal and cleaning.

### *Considerations*

- 3.34 There would be direct implications on the late night premises, with the licence fee increasing from the current annual fee by the following amounts:

Band	A	B	C	D	D Multiplier	E	E Multiplier
% increase	299%	404%	399%	303%	303%	235%	233%
Increase in fee £	299	768	1259	1365	2730	1493	4440

- 3.35 There are potential operational and efficiency benefits for the local community extending to the Ambulance Service, local accident and emergency provision in hospitals, the Courts and wider justice system and the Local Economy

resulting from a more effectively managed night time economy brought about by the additional resource generated by the scheme. Accepting that these may well be nullified by the ongoing public sector austerity cuts the potential for wider indirect benefits of such a scheme should not be underestimated and could in a modest way help offset some of the negative impact of public sector budget cuts in these areas.

- 3.36 The legislation dictates how a levy is to be introduced, requirements for consultation and notices to be displayed at the appropriate time. Thereafter, on an annual basis, a licensing authority must publish before the beginning of the year a statement of its estimate of the amount of deductions permitted under regulation to be made in respect of the year. At the end of the year, a statement of the net amount of levy payments for the year showing actual deductions will need to be published.
- 3.37 The estimated proportion of the net levy must be paid to the Metropolitan Police at the start of the levy year.
- 3.38 As the levy does not apply to Temporary Event Notifications, it is possible that licence holders will apply for (TENS), rather than pay the additional charge for the levy. This potentially reduces the regulatory control Licensing Officers would have over the premises as premises licence conditions are not automatically transferred to the TENS. Under this regime a premises can have 12 events or 21 days-worth of TENS within a rolling twelve months, involving less than 500 persons.
- 3.39 The Council is not committed to adopting the Late Night Levy after undertaking a consultation. However, if it does it would have to provide clear justified reasons why it feels that a levy is required. Any decision of this nature undertaken by the Council is open for Judicial Review. The recorded crime data would support the justification for the levy.
- 3.40 If after consultation, a licensing scheme is adopted, there is likely to be a request from businesses to vary their licences so they will not come within the scope of the levy, resources would need to be allocated to deal with these additional requests. A draft consultative document is detailed in Appendix Seven.
- 3.41 An Equalities Impact Assessment has been completed and no adverse impacts are noted with regards to the consultation proposals at Appendix Eight.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 The report seeks the consideration of the proposal for the Council to consult on the adoption the powers under the Police Reform and Social Responsibility Act 2011 for the introduction of a late night levy.
- 4.2 If a late night levy is introduced the fee will be set by the Government and the amount payable will be determined by the rateable value of the property

where the alcohol is sold. The licensing authority must pay at least 70 per cent of the net levy revenue to the police. The licensing authority can choose to amend the portion of the net levy revenue that will be given to the police in future levy years. This decision must be subject to consultation in the same way as a decision to introduce the levy.

4.3 The licensing authority will be able to retain up to 30 per cent of the net levy revenue to fund services it provides to tackle late night alcohol-related crime and disorder and services connected to the management of the night-time economy. Specifically, these activities must have regard to the connection with the supply of alcohol during the late night supply period and related to arrangements for:

- the reduction of crime and disorder;
- the promotion of public safety;
- the reduction or prevention of public nuisance; or
- the cleaning of any relevant highway or relevant land in the local authority area.

4.4 The proposal will be revenue neutral to the Council, i.e. the cost of any additional services including the any potential reduction in the levy offered to businesses, will be met from the Levy and will not impact the General Fund.

## **5. LEGAL COMMENTS**

5.1 The late night levy (“the levy”) is a power, conferred on licensing authorities by provision in Chapter 2 of Part 2 of the Police Reform and Social Responsibility Act 2011. This power allows licensing authorities to charge a levy to persons who are licensed to sell alcohol late at night in the authority’s area, as a means of raising a contribution towards the costs of policing the late-night economy.

5.2 The levy must cover the whole of the licensing authority’s area. However, the Council will also choose the period during which the levy applies every night, between midnight and 6am, and decide what exemptions and reductions should apply from a list set out in regulations.

5.3 If the Council chooses to introduce the levy in its area, then all licensed premises which are authorised to supply alcohol in the levy period will be affected although the Council does have the discretion to offer an exemption from the levy. All other relevant premises that do not wish to operate in the levy period will be able to make a free minor variation to their licence before the levy is introduced.

5.4 The Council also has the discretion to offer a 30% reduction from the levy to premises that are either a member of a relevant best practice scheme or in receipt of Small Business Rate Relief and have a rateable value of less than £12,000. This is covered in paragraphs 3.24 and 3.25 of the report.

- 5.4 With regard to the levy revenue, the police will receive at least 70% of the net levy revenue. The Council can retain up to 30% of the net levy revenue to fund other activities besides policing. There are restrictions on the types of services that licensing authorities can fund with the levy revenue to ensure that levy is spent on tackling alcohol-related crime and disorder and services connected to the management of the night-time economy. The Council can deduct permitted administration, collection and enforcement costs from the gross levy revenue.
- 5.5 As to consultation, the Council should discuss the need for a levy with Mayor's Office for Policing and Crime and the relevant chief officer of police. The licensing authority will then decide whether to move to the next stage in the process and consult on its proposal to introduce a late night levy. The consultation document must state its intention to introduce a levy, its proposed design (including the late night supply period and proposed exemption and/or reduction categories) and the services that the licensing authority intends to fund with its share of the levy revenue. This is covered in paragraphs 3.16 to 3.21 of the report.
- 5.6 When making decisions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). A proportionate level of equality analysis is required to discharge the duty and a detailed equality impact assessment is in Appendix 8.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 The Equalities Impact Assessment has been reviewed in respect of the consultation exercise and no adverse issues have been identified.

## **7. BEST VALUE (BV) IMPLICATIONS**

- 7.1 The Council is fulfilling its best value duty by considering that those businesses that impose a cost on managing the night time economy, contribution financially to its regulation.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 8.1 There are no environmental impacts with regards to this consultation.

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1 There are no identified risks with the consultation exercise.

## **10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 10.1 The Appendix to the report identifies the current anti-social behaviour statistics and crime data. As discussed in the report the proposal is currently

to commence consultation on the introduction of a late night levy for licensed premises selling alcohol after midnight. If adopted at a later date, the scheme should have a downward pressure on the number of anti-social behaviour incidents and complaints as additional funding will be provided to manage the late night economy.

## **11. SAFEGUARDING IMPLICATIONS**

- 11.1 There are no identified safeguarding implications for undertaking the consultation exercise. However, if the late night levy is adopted at a later date, there are benefits with reducing crime and anti-social behaviour and further regulating underage sales.

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- NONE

#### **Appendices**

Appendix One: Estimated Income of the Late Night Levy

Appendix Two: Increase in annual fee for licence holders

Appendix Three: Premise Usage showing Licensed period and Valuation Band

Appendix Four: Recorded crime data against time

Appendix Five a-f: Anti-social behaviour hot spots against licensed premises

Appendix Six: Types of recorded crime and numbers

Appendix Seven: Draft Consultative document

Appendix Eight: Equality Impact Assessment

#### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**


- NONE

**Officer contact details for documents:**

N/A

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<p><b>Cabinet</b></p> <p>2 February 2016</p>	 <p><b>TOWER HAMLETS</b></p>
<p><b>Report of:</b> Stephen Halsey, Corporate Director Communities, Localities and Culture</p>	<p><b>Classification:</b> Unrestricted</p>
<p><b>LIP Delivery Plan 2016/17</b></p>	

<b>Lead Member</b>	<b>Councillor Ayas Miah, Cabinet Member for Environment</b>
<b>Originating Officer(s)</b>	Margaret Cooper, Head of Engineering Stephen Adams, Business Finance Partner, CLC
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Community Plan Theme</b>	<b>Great Place to Live</b>

### Executive Summary

The Council adopted a 3 Year Delivery Plan to implement the existing long term strategy set out in the Local Implementation Plan (LIP) in December 2011 which is updated on an annual rolling basis. This report gives a short overview of the LIP document and reports progress in the delivery of the current year's programme before focussing on the justification for modifications to the funding allocations indicated in the updated 3 year plan, and specifically those for 2016/17 which have been included in the annual funding submission to Transport for London (TfL) of 9th October 2015.

The report seeks approval for capital estimates to be adopted for these allocations to facilitate the efficient delivery of the construction programme in 2016-17.

### Recommendations:

The Mayor in Cabinet is recommended to:

1. Note the schemes proposed for funding in the LIP Delivery Plan
2. Include the schemes listed in Appendix 1 to the report within the Communities Localities & Cultural Services Directorate's 2015/16 and 2016/17 Capital Programme.
3. Adopt Capital Estimates for the sum specified in the estimated scheme cost column for 2016/17 and additional LIP Major Schemes funding of £0.650m in 2015/16 as outlined in Appendix 1 to the report.
4. Agree that where possible the Council's Framework Contracts for Highways be used for the implementation of these works as appropriate

## **1. REASONS FOR THE DECISIONS**

- 1.1 Financial Regulations require the adoption of capital estimates for specific schemes to authorise expenditure by Council Officers on the delivery.

## **2. ALTERNATIVE OPTIONS**

- 2.1 None considered.

## **3. DETAILS OF REPORT**

- 3.1 The Council adopted a 3 Year Delivery Plan to implement the existing long term strategy set out in the Local Implementation Plan (LIP) in December 2011. This 3 year plan has since been revised on an annual basis. The plan identifies how the Borough will implement the Mayor of London's Transport Strategy (MTS) locally, taking into consideration other sub-regional and borough transport strategy priorities which are embedded in the Strategic Plan 2015-2016, LDF and supporting documentation. The MTS will be refreshed in 2016/17 and a new LIP3 will be required to be prepared by the Boroughs following this.
- 3.2 The LIP outlines the Council's long-term strategy for sustainable transport improvements from 2011 until 2031 to support more environmentally sustainable and healthier lifestyles in line with strategic objectives and plans. It includes a delivery plan for a three year rolling period. Boroughs are allocated funding by Transport for London (TfL) for delivering this programme and the TfL LIP contribution in 2015/16 amounts to approximately £2.786m.
- 3.3 TfL issue guidance to London Boroughs on the content of the 3 Year Delivery Plan and this year have focussed on road safety actions with a clear requirement to demonstrate targeted action on hotspot sites. Indicative LIP funding for 2016/17 onwards is £2.827m with some additional opportunities to bid for funding through other streams including Bus Priority, Cycling Fund, Mayor's Innovation Fund, Mayor's Air Quality Fund and Major Schemes. The borough's submission was required to be with TfL by October 9<sup>th</sup> 2015 so a provisional submission has been made which can be modified should there be any changes arising from the Mayor's consideration of the Delivery Plan.
- 3.4 The majority of this LIP funding is determined by formulae for corridors and neighbourhoods and supporting measures based on population, accident data, traffic flow and road length. Other funding is determined on a London wide prioritisation framework for Principal Road Maintenance and Structures, and via a competitive bidding process for Major Schemes (additional funding).
- 3.5 This report gives a short overview of the LIP document and reports progress in the delivery of the current year's programme before focussing on the

justification for modifications to the funding allocation to be included in the 2016/17 3 Year Delivery Plan. .

#### **4. THE LOCAL IMPLEMENTATION PLAN 2011-2031**

4.1 The document informs the basis of future capital investment aimed at delivering local priorities and objectives in the Community Plan, Strategic Plan and the LDF. This includes the sustainable, safe and efficient movement of people and goods within and through Tower Hamlets, contributing to the overall improvement of the quality of life in the borough for residents, workers and visitors.

4.2 The Council is expected to demonstrate how it contributes to achieving six goals in the Mayor of London's Transport Strategy, namely:

MTS1: To support economic development and population growth;

MTS2: Enhance the quality of life for all Londoners;

MTS3: Improve the safety and security of all Londoners;

MTS4: Improve transport opportunities for all Londoners;

MTS5: Reduce transport's contribution to climate change and improve its resilience;

MTS6: Support delivery of the London 2012 Olympic and Paralympic Games and its legacy

4.3 Taking the above factors into account, the core Tower Hamlets Council Borough Transport Objectives were set as:

LBTH1: To promote a transport environment that encourages sustainable travel choices

LBTH2: To ensure the transport system is safe and secure for all in the borough

LBTH3: To ensure the transport system is efficient and reliable in meeting the present and future needs of the borough's population

LBTH4: To reduce the impact of transport on the environment and wellbeing

LBTH5: To ensure travel is accessible for all

LBTH6: To encourage smarter travel behaviour

LBTH7: To better integrate land use and transport planning policy and programmes

LBTH8: To contribute towards protecting and advancing the Borough's cultural and heritage assets.

#### **5. PROGRESS ON DELIVERY IN 2015-16**

5.1 Road safety work has been focussed on the 5 junctions with the worst accident records on borough roads as well as seeking to maintain an overall reduction in collisions throughout the borough. Key projects underway are :-

- An experimental boroughwide 20mph limit was implemented in April 2015 to address the ongoing high level of slight accidents and poor perceptions of road safety in the borough with basic signs and

roundels. In 2016/17 funding will be required to support the review of this experiment with a view to making it permanent. More traffic calming in certain streets may be required to make this more self-enforcing e.g. Manchester Road.

- Roman Road / Grove Road junction traffic signals have been redesigned and the first pedestrian countdown signals in the borough introduced;
- Cable St / Watney St junction is included in Cycle Superhighway 3 review (see 5.2 below);
- Sidney St / Stepney Way junction signalisation – this is in its final design stages but implementation will continue into 2016/17 due to TfL Signals work programmes;
- Bethnal Green Road / Cambridge Heath Road junction – feasibility studies on remodelling this junction have identified the potential for a diagonal crossing but the high cost of the scheme means that a Major Scheme (over £2m) bid will be required. This is now a central feature of an emerging Cambridge Heath Road (Bethnal Green Rd to Hackney Road) Masterplan which TfL have indicated could be successful in attracting up to £10m funding over the next 4 years.
- Hackney Road / Cambridge Heath Rd junction – this is also incorporated in the above major scheme.

- 5.2 The main Cycle Safety hotspot on borough roads is Cable Street – which is part of Cycle Superhighway 3. Whilst TfL have been reviewing the existing scheme, their emerging plans do not address the main problems which give rise to complaints to local Members i.e. rat running traffic and conflicts between cyclists and pedestrians. An alternative design for a cycle street and area-wide changes to traffic management has, therefore, been commissioned to present an alternative proposal to TfL. As this is a more holistic scheme which TfL may not be prepared to fund from the cycle budget, provision for additional funding is recommended to be made for 2016/17 to enable the Council's preferred scheme to proceed.
- 5.3 Bow Area Traffic Management Review: Surveys of traffic in the Bow area demonstrated that there was relatively little change in patterns arising as a result of the Olympic Park development, as a consequence of which OPTEMS funding support was withdrawn leading to a reduction in the scope of this project. Issues raised by local Members, residents and in ward based feedback by the London Cycling Campaign raised two projects which are now being implemented: these are improvements for cyclists along Tredegar Road and a one-way system in Driffield Road area to reduce traffic conflicts on narrow roads. Further funding in 2016/17 would be required to take forward further changes to traffic management in the Bow area to reduce rat running, which has been exacerbated by the displacement of traffic from the A11 Cycle Superhighway works.
- 5.4 On-going programmes for installation of “halos” (LED flashing lights surrounding belisha beacons) at zebra crossings and bus stop accessibility improvements have both been very successful and are approaching full completion so some trimming of these budgets is feasible in future years. The

on-going extension of 'Legible London' way-finding across the borough still has a further 3 years to reach completion. Canary Wharf, Poplar and the Isle of Dogs are currently being signed. In 2016/17 Stepney and Wapping are earmarked.

- 5.5 The resurfacing of a number of cobbled streets has been identified as necessary on a needs basis in the Council's 3 year Resurfacing Programme. Where these streets are in Conservation Areas it is desirable to repair the cobbles, rather than resurface in standard materials however, the hand-laying of recycled historic granite setts is time consuming and costs more than standard road resurfacing. Such streets have therefore been removed from the main resurfacing programme and included in the historic streetscene improvement category. Work along Redchurch St and Sly Street will be completed this year while a petition of over 800 signatures has requested that cobbles be reinstated in Peary Place, opposite Albert Bishop House, Roman Road, so it is recommended for inclusion in next year's programme.
- 5.6 A series of pedestrian streetscene enhancements to North-South links between the A13 and A11 is proposed as part of the Aldgate Connections Plan and a similar strategy is proposed for streets further east in the Whitechapel Masterplan. High quality paving and greening of the streets is currently being targeted at Half Moon Passage and St Mark's Street but the whole programme will require an ongoing commitment to funding over the 3 year programme. To integrate this scheme with the Whitechapel Vision, design work for New Road and Sidney Street corridor improvements has been commissioned through the Whitechapel Public Realm Strategy and delivery will be prioritised next year.
- 5.7 The second year of streetscene improvements in Wentworth Street is underway this year and the programme of work will extend over the length of the market and side streets next year to reach completion earlier than planned. TfL have provided an additional £100k of funding this year from the overall London LIP underspend. The work has been phased over three years due to restricted access to the site during market operational times and areas of special engineering difficulty where shallow basements extend below the footway. The improved road and footway conditions provide a better foundation for the market operations and improved pedestrian facilities with carriageway surfaces raised to provide continuity of levels across junctions, whilst streetlighting replacements provide an effective response to personal security and prostitution issues in line with requirements to recognise the role of highway improvements to support S17 of the Crime & Disorder Act.
- 5.8 Design feasibility work and public consultation is being carried out on a corridor improvement scheme on Ben Johnson Road to complement the Ocean Estate regeneration. The scheme includes relocation of a new crossing to provide a clear North-South pedestrian route and lighting improvements will be carried out in 2015/16. The bulk of work will take place in 2016/17 and 2017/18, including a new signalled junction at Harford Street and further footway resurfacing.

- 5.9 Significant resurfacing work was carried out to Marsh Wall carriageways in 2014/15 and it is anticipated that this work can be extended in 2015/16 ( such that the section from Manchester Road to Millharbour will have been completely treated). The corridor strategy for improving pedestrian crossings and junctions will be funded with S106 obligations already available, consequently no further LIP funding will be required.
- 5.10 Design and consultation work on a Chrisp Street corridor streetscene improvement is being undertaken in 2015/16 to complement Poplar HARCA initiatives and the redevelopment of Poplar Baths. This will incorporate improvements to pedestrian crossings of Chrisp Street itself and side roads, carriageway and footway resurfacing and lighting enhancements. Advance work on designs in the current year will enable start of works in 2016/17 with a funding requirement continuing into the future.
- 5.11 Priorities for resurfacing of Principal Roads are determined by a London wide Condition Survey and work has been carried out along Manchester Road and Leamouth Roundabout in 2015/16. In 2016/17, further work will be required on Manchester Road to complete resurfacing of that route and Rothbury Road is also highlighted as a priority. Only 7% of the Principal Road Network is now defined as being in need of repair compared to a figure around 20% some 5 years ago.
- 5.12 Delivery of “Supporting Measures” interventions throughout the year concentrates on cycle training, minor infrastructure improvements, and road safety education and awareness. In 2015/16 these initiatives include the following and similar funding provision will be proposed in future years :
- Cycle parking - on-street, off street in estates and in employment places Approximately 100 new spaces provided each year.
  - 1500 hours of adult cycle training and 4000 sessions for children
  - Minor cycle permeability improvements
  - Road Safety Education in schools including Theatre in Education productions and facilitating the Junior Road Safety Officer scheme
  - School Travel Plan development and support for initiatives arising;
  - Bike Week and Walk to School promotions
  - Exchanging Places cycle / HGV safety awareness sessions

## **6 DELIVERY PLAN 2016/17**

- 6.1 Transport for London have produced guidance for the 2016/17 annual LIP spending submission which boroughs are required to follow. The key focus of this year’s guidance includes:
- Prioritisation of road safety targeting critical sites – which is entirely consistent with the approach the Council already set out in its Delivery Plan;
  - Maintaining the level of LIP expenditure previously committed to cycling to complement the additional investment being promised through the Mayor for London’s Cycling Vision which includes additional opportunities for funding Quietways, Cycle to School partnerships and cycle training programmes;

- Creating more pedestrian-friendly streets which will be recommended in forthcoming Pedestrian Design Guidance;
- Seeking to complete accessibility improvements to the remaining 20% of bus stops requiring attention by the end of 2016/17.

6.2 The 3 Year Delivery Plan has therefore been reviewed in the light of this guidance and is attached as Appendix One. A number of areas are highlighted where modifications in the funding allocation for 2016/17 and 2017/18 are proposed in the light of progress on delivery to date and matters arising throughout the past year. These are summarised below:

- Road Safety – No change 2016/17 but indicative reduction of £100k in 2017/18, increase of £200k 2018/19
- Cycle Safety – Additional £75k 2016/17, £125k 2017/18 and £300k to deliver Manchester Road high quality cycle scheme and other cycle improvements
- Bow area TMS - Additional £75k in 2016/17
- Zebra Halos - No change
- Bus stop accessibility – No change
- Legible London – No change
- Historic Street – No change
- Aldgate / Whitechapel Connections – Reduction of £100k 2016/17
- Wentworth St – Reduction of £150k in 2016/17 and £250k 2017/18.
- Ben Johnson Road – No change
- Chrisp St – No change
- Principal Road Maintenance – Reduction of £40k allocated by TfL for 2016/17
- Local Transport Funding – No change
- Supporting Measures – No change

6.3 This review has resulted in the following amounts of funding being released for new schemes. It has been indicatively allocated to a new theme of “Housing Zone complementary measures”, recognising the new bridge proposals and improvements to local accessibility which need to support the Housing Zone.

2016/17 - £181k available for Housing Zone support ( subject to further justification)

2017/18 - £ 100k available for Housing Zone support

2018/19 - £ 500k available for Housing Zone support

6.4 Appendix 1 also includes reference to previously approved funding allocated through the Mayor for London Borough Cycling Initiatives programme for cycle training and cycle parking. An additional sum of £650k has recently been confirmed by TfL for works to commence as soon as possible to improve the cycle route from its crossing of Hackney Road at Ion Square Gardens to Boundary Road, as part of the Central London Grid scheme. It is therefore recommended that this scheme is included in the 2015/16 capital programme

and a capital estimate adopted accordingly to facilitate works as quickly as possible with work continuing into 2016/17.

- 6.5 Financial Regulations require the adoption of capital estimates for specific schemes to authorise expenditure by Council Officers on their delivery. In order to ensure the efficient delivery of the work programme, this report seeks approval for adoption of capital estimates for all schemes in the LIP Delivery Plan on the basis of the budget allocations listed in Appendix 1. The Highways Improvement framework contract will be the main route for delivery of these works.

## **7. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 7.1 The report sets out the Local Implementation Plan (LIP) adopted 3 year delivery plan. Whilst Appendix 1 provides for consideration an overview on the progress in the delivery of the current year's £2.786m programme and justification for the modifications that will be required to be made to the new 3 year delivery plan. The modifications are specifically focused on the indicative allocation for 2016/17 of £2.827m which will then form the annual submission to TfL and inclusion into the Capital programme for 2016/17.
- 7.2 There will be opportunities to bid for additional funding through other streams over the 3 year programme which if successful will be included in the CLC Capital Programme. For 2015/16 an additional £0.650m and £0.350m has been received and for 2016/17 £0.359m additional funding has been secured as set out in Appendix 1 allocated for cycle training and cycle parking in those years. The additional funding of £0.650m is profiled to be spent over the two financial years 2015/16 and 2016/17.
- 7.3 The detailed Capital Programme for Communities, Localities and Culture for 2016/17 requires the adoption of capital estimates, for the schemes totalling £2.487m, this excludes the Supporting Measures £0.359m revenue funding scheme as outlined within Appendix 1. The source of funding for the new schemes is from TfL LIP.

	£'m
LIP Corridors, Neighbourhoods and supporting measures	2.106
LIP Principal Road maintenance	0.281
Local Transport Funding	0.100
Borough Cycling Programme	<u>TBC</u>
Total for Capital schemes	2.487
Total for Revenue schemes	<u>0.340</u>
<b>Total LIP Delivery Plan 2016/17</b>	<b><u>2.827</u></b>



## **8. LEGAL COMMENTS**

- 8.1 This report focusses on the justification for modifications to the funding allocations indicated in the Council's Delivery Plan (adopted December 2011) for LIP, with specific reference to the funding allocations for 2016/2017, which were included in the Council's annual funding submission to TfL on October 2015.
- 8.2 TfL's guidance this year has focussed on road safety projects, as stated at paragraph 3.3 above, and the Council is required to demonstrate targeted action on hotspot sites. Compliance with this requirement by the Council is demonstrated by the road safety projects which are summarised under paragraph 5.1 above.
- 8.3 The Council's road safety projects, which form part of the Delivery Plan, take into consideration in the Council's corporate Strategic Plan 2015-2016, the Council's planning Core Strategy (adopted September 2010) and Managing Development Document (adopted April 2013), which in turn are informed by the Council's Transport Planning Strategy 2011-2031 (2011); the Council's Cycling Connections (2009); the Council's Walking Connections (2011) and the Council's Road Safety Plan (2009)

### Equalities Duty

- 8.4 The Public Sector Equality Duty introduced by the Equality Act 2010 requires the Council, in the exercise of its functions including that of highway authority, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
  - Advance equality of opportunity between people who share a protected characteristic and those who do not
  - Foster good relations between people who share a protected characteristic and those who do not.
- 8.5 Where changes in proposed funding allocations result in changes to the highway projects including road safety projects, it will be necessary to give conscious consideration to the impact of these changes generally and whether the impact has a disproportionate effect on any members of the community who share a protected characteristic. (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 8.6 A number of the schemes involve public consultation. Whether or not the consultation requirements are imposed and regulated through legislation it will be important for officers to consider whether any of the changes in the proposed funding allocations would result in significant changes to projects/works. Where there are changes, and where those changes are

different from what was originally consulted on, officers will need to consider whether re-consultation is required or prudent.

## **9. ONE TOWER HAMLETS CONSIDERATIONS**

- 9.1 An Integrated Equality Assessment was undertaken on the schemes proposed in the Local Implementation Plan and this confirmed that all proposals sought to address the requirements of the entire community through detailed assessment at the design stage.

## **10. BEST VALUE (BV) IMPLICATIONS**

- 10.1 All works will be delivered through Contract CLC 4371 which commenced on October 1<sup>st</sup> 2014 after an extensive competitive tendering process. This contract includes 4 LOTs for highway maintenance, capital improvements, streetlighting maintenance and streetlighting improvements.

## **11. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 11.1 All proposals in this LIP are consistent with the aims of delivering a sustainable transport policy including support to the delivery of the Council's Air Quality Management Plan.

## **12. RISK MANAGEMENT IMPLICATIONS**

- 12.1 In order to minimise financial risk, no expenditure will be incurred without confirmation of allocations being approved by TfL.
- 12.2 In order to minimise road safety and construction risk, road safety audits are carried out on all scheme designs, contractors are required to provide site specific health & safety plans and works are monitored through the Network Management permit process.
- 12.3 A review of our approach to project planning and capital spend is being undertaken this year to evaluate if there are ways in which we can further improve upon our performance on delivering in year capital spend. Whilst CLC performed well in this respect last year this is a matter that the Lead Member Resources has highlighted as a strategic concern and we will be examining ways in which we might further improve our performance in this respect with regards LIP implementation.

## **13. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 13.1 LIP guidance requires schemes to take into consideration the Council's duties under Sn17 of the Crime & Disorder Act. This is exemplified by the proposed improvement to streetlighting including in the Wentworth Street scheme at the request of community safety officers to address prostitution and anti-social issues in the area.

## **11. SAFEGUARDING IMPLICATIONS**

- 11.1 Appropriate DBS checks are required on all contractors staff entering schools to provide road safety and cycle training where they are in charge of children directly.
- 

### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- None

#### **Appendices**

- Appendix One: LIP DELIVERY PLAN : Progress report 2015/16 and REVISED PROPOSED Delivery Plan 2016/17

#### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- None

#### **Officer contact details for documents:**

N/A

Appendix One: LIP DELIVERY PLAN : Progress report 2015/16 and REVISED PROPOSED Delivery Plan 2016/17

		2015/16	2016/17 Estimated scheme cost	2017/18	2018/19
Corridors & Neighbourhoods	Progress	Current	Proposed	Planned	Planned
Road Safety : worst 5 junctions and 20mph review:-	<p>An experimental boroughwide 20 mph speed limit was introduced April 2015 with new signing and lining. A review of its effectiveness is required after one year to inform the Cabinet decision on whether to make Traffic Order permanent by October 2016. This review may identify areas where further signage and traffic calming measures are required to make the speed limit more self-enforcing.</p> <p>Top 5 junctions (2015/16) :</p> <ul style="list-style-type: none"> <li>• Cambridge Heath Rd junctions with Hackney Rd and Roman Rd -see Major Scheme revised proposal below;</li> <li>• Watney St / Cable St junction in Cable St review;</li> <li>• Sidney St /Stepney Way junction signalisation is in progress but will continue into 2016/17 due to signals programme;</li> <li>• Roman Rd / Grove Rd junction redesign completed 2015/16.</li> </ul> <p>TfL will identify 5 worst junctions for review in 2016/17.</p>	200	200	200	400
Implementing Cycle Strategy	<p>A design review of Cable Street to provide innovative cycle street with associated traffic management to ameliorate local anti-social driving problems and improve conditions for pedestrians has been produced to complement TfL safe cycling review. Public consultation on these designs is planned in December 2015 – January 2016. Implementation can then proceed subject to the results of that consultation. 2016/17 – schemes arising from the new Cycle Strategy will be brought forward including a new cycle facility to calm Manchester Road to make 20mph limit more self-enforcing</p>	200	200  75	0  325	500

Bow area traffic management incl review of Antill 20 mph zone	Modifications to traffic priorities along Tredegar Road to aid pedestrians and cyclists ( in response to London Cycling Campaign Ward Asks) and introduction of Driffield Conservation Area one-way system are underway 2015/16. There is still local ambition to filter traffic out of the Bow area by reviewing the area-wide traffic management system and further design work will be required in 2016/17 taking account of traffic patterns as they settle down after the changes created by Cycle Superhighway 2.	20	75	125	0
Zebra crossing halos (approx 10 sites per year)	A Boroughwide programme has been in progress for 3 years and is nearing completion in 2016/17. The introduction of LED halos around belisha beacons improves driver's visibility of the crossing and enhances pedestrian safety.	50	50	0	0
Bus stop accessibility (approx 5 sites)	A requirement from London Buses to ensure passengers can access low floor bus services efficiently at all bus stops led to a boroughwide review being initiated some 8 years ago and is nearing completion in 2016/17.	40	45	0	0
Legible London Improved wayfinding:	This is a map based wayfinding system now recognised as a London-wide standard. Currently installing signage in Canary Wharf, Poplar and Isle of Dogs. In 2016/17 works will move on to Stepney and Wapping, followed by Whitechapel in 2017/18, then Bow and Bromley-by-Bow.	80	80	100	80
Historic Streets	Streetscene improvements including hand-laying of recycled cobbles and improvements to pedestrian space. Works in Redchurch Street and Sly Street have been completed in 2015/16. The programme is popular with residents and businesses in conservation areas and it is proposed to continue based on areas of highest need and public requests. A large petition was received for cobbles in Peary Place (opposite 62 Roman Rd) to be reinstated – and this is proposed to be prioritised for delivery 2016/17	200	200	250	200
Aldgate and Whitechapel Connections .	Interventions to create high quality north-south pedestrian and cycle routes supporting the Green Grid Strategy on key North - South pedestrian routes between Commercial Road	300	300	350	250


	and Whitechapel. Works are currently on site at Alie Street / Half Moon Passage and the ongoing programme will extend eastwards to complement the Whitechapel Vision. In 2016/17 improvement works will focus on New Road and Sidney Street which are currently being designed in the Whitechapel Public Realm Strategy.				
Markets: Wentworth St	Resurfacing and improved drainage of the Wentworth Street market area has provided a better foundation for the market area and improved pedestrian conditions. Work commenced in 2014 and will be ongoing into 16/17 to extend raised surface treatments to side streets in similar fashion to Goulston Street Food Court.	300	200	0	0
Ben Johnson Rd area	Design and consultation of a corridor improvement scheme is progressing in 2015/16 linked to the Ocean Estate refurbishment. Streetscene improvements including a new zebra crossing on the key north-south pedestrian route, street tree planting and dropped kerbs will be delivered in Q4 2015/16 with major works to start 2016/17. These will include a new signalised junction at Harford Street and further footway improvements along the length of Ben Johnson Road.	350	200	350	0
Marsh Wall / Limeharbour / Eastferry	Resurfacing from Manchester Road to Millharbour will be complete by the end of 2015/16 and pedestrian movement study has been completed to identify how crossing facilities and bus stops can be better arranged to meet pedestrian desire lines created through the most recent developments. Additional funding has been identified from S106 arising from the developments so further LIP funding is not required.	150	0	0	0
Chrisp St corridor	Design and consultation on streetscene improvements to complement the scale of development along this corridor is being carried out in 2015/16 incorporating improvements to pedestrian crossings of Chrisp Street itself and side roads, carriageway and footway resurfacing and lighting enhancements. Delivery of works is planned for 2016/17 – 17/18.	35	300	250	100

Housing Zone	This theme will provide support for measures to improve local accessibility in Poplar area which have been included in the Housing zone proposals. The scope includes new pedestrian bridges over the Lea and enhancements to connecting routes. Feasibility and design is planned in 2016/17 with the potential to deliver some quick win ideas.		181	100	500
<b>Sub Total</b>		<b>2025</b>	<b>2106</b>	<b>2050</b>	<b>2030</b>
<b>Principal Road Maintenance</b>	Resurfacing works to A-roads is prioritised from annual condition surveys. Sections of Manchester Road and Leamouth Roundabout were completed 2015/16. Further work on Manchester Road will be required 2016/17 as well as Rothbury Road.	321	281 (+25%)	321 (+25%)	321 (+25%)
<b>Local Transport</b>	The current year's funding has been allocated to minor accessibility schemes, Street Design Guidance, contribution to Zero Emissions Network (ZEN) project and the development of the Cycle Strategy. 2016/17 funding will be allocated to : ZEN project, Road Safety Plan and minor accessibility projects.	100	100	100	100
<b>Supporting Measures</b> (schools, adult and special needs cycle training, cycle and pedestrian safety, road safety education and training incl summer and winter campaigns, schools travel plans and cycle permeability)	Propose to increase the focus on cycle training, road safety education and safe urban driving in future years, reducing work on travel plans and sustainability awareness.	340	340	340	340
<b>Total LIP Delivery Plan</b>		<b>2786</b>	<b>2827</b>	<b>2811</b>	<b>2791</b>

**Additional bids to other TfL funding sources: -**

		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
<b>LIP Major Schemes</b>					
Central London Grid Hackney Rd – Boundary Road Cycle route	Addition to 2015/16 Capital Programme: A major improvement of the cycle route from its crossing of Hackney Road, through Ion Square Gardens and Columbia Road to Boundary Rd.	650			
Bethnal Green Gateway	A major improvement scheme for Cambridge Heath Road from the junction with Roman Road, north to Hackney Road to better integrate the cultural hotspots and parks into the streetscene and enhance the sense of place. This intended scheme will incorporate a new junction at Roman Road. A Step One bid is in development with TfL which, when successful, will release funding for detailed design work prior to a Step Two bid for works being made. This is a competitive process separate to the main LIP programme for schemes valued in excess of £2m.	0	Bid for design and consultation funding	<b>tbc</b>	<b>tbc</b>
<b>Borough Cycling Initiatives</b> Cycle training, Safer vans & lorries, School partnerships and grants, Cycle parking, Monitoring and resources	On going work funded through a separate funding stream from TfL. In Q4 2015/16 this funding will introduce secure cycle lockers on-street and temporary Car –shaped cycle hangars in shopping centres to judge demand for permanent racks as pilot schemes committed in the Cycle Strategy.	350	359	-	-
<b>Bridge Assessment &amp; Strengthening Programme</b>	Ongoing bridge asset management work involving condition surveys and remedial works.	tbc	tbc	Tbc	tbc



<p><b>Cabinet Decision</b></p> <p>2 February 2016</p>	 <p><b>TOWER HAMLETS</b></p>
<p><b>Report of:</b> Stephen Halsey, Corporate Director Communities, Localities and Culture</p>	<p><b>Classification:</b> Unrestricted</p>
<p><b>Community Safety Partnership Plan Review and Extension</b></p>	

<b>Lead Member</b>	<b>Councillor Shiria Khatun, Cabinet Member for Community Safety</b>
<b>Originating Officer(s)</b>	Colin Hewitt, Community Safety Partnership Officer
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Community Plan Theme</b>	<b>Safe and Cohesive Community</b>

## Executive Summary

There is a legal requirement for each Community Safety Partnership (Safe & Cohesive CPDG in Tower Hamlets) to have a Community Safety Partnership Plan, historically known as a Crime and Disorder Reduction Strategy. From a statutory perspective the responsibility to develop a CSP Plan lies with the Community Safety Partnership. However under the Council Constitution the CSP Plan must be approved by Full Council. This would include changes to the plan term.

In order to fulfil our other statutory duties, the CSP produces an annual Strategic Assessment. This was last undertaken in 2014/15 to enable it to review the current 3 year Plan at the end of year 2. The Community Safety Partnership Plan 2013-16 revised for Year 3 has been reviewed by the CSP Subgroup Chairs and agency leads from the responsible authorities (statutory partners), prior to discussion and subsequent approval by the CSP on 22<sup>nd</sup> July 2015.

The current CSP Plan has a 3 year term, is due to expire on 31<sup>st</sup> March 2016 and was originally aligned to the Mayor's Office for Policing and Crime's (MOPAC) Police and Crime Plan (PCP) 2013-16. However, it has been confirmed that the PCP is running for an additional year to 31<sup>st</sup> March 2017 which is seen by MOPAC as a 'transitional year', to allow the new Mayor of London to develop and consult on a new MOPAC PCP to replace the previous Mayor's PCP.

The Tower Hamlets CSP recognises the importance of remaining aligned to the MOPAC priorities within the PCP for funding and policing purposes. The CSP have reviewed their current CSP Plan and have agreed as a partnership that they will extend the current CSP Plan by a year. This extension of the Plan's term will ensure it remains aligned to MOPAC's PCP and expires on 31<sup>st</sup> March 2017. It will also enable it to conduct a public consultation on local community safety priorities in

Summer 2016, so that it can produce a new CSP Plan which is aligned to the new MOPAC Police and Crime Plan (September 2016 onwards).

### **Recommendations:**

The Mayor in Cabinet is recommended to:

1. Note the content of the Community Safety Partnership Plan 2013-16 Revised for Year 3 (appendix 1)
2. Note the content of this report and the decision made under the relevant legislation by the CSP to extend its current CSP Plan by 1 year, so that it remains aligned with MOPAC's Police and Crime Plan 2013-16 and expires on 31.03.17
3. Agree that this report, the Revised CSP Plan 2013-16 and CSP decision to extend goes before progresses to Full Council as per Council Constitution for formal consideration

## **1. REASONS FOR THE DECISIONS**

- 1.1 Full Council must adopt a Community Safety Partnership Plan in order to meet statutory requirements set by the Crime and Disorder Act (1998). The priorities and governance structure outlined in the Plan are based on the statutory strategic assessment exercise that was carried out by statutory partners to consider data on safety in the Borough. They have been agreed by the Community Safety Partnership in July 2015 to be the best model to deliver a safer and more cohesive community in Tower Hamlets. The Cabinet are asked to consider the reviewed Plan, along with the CSP decision to extend it by one year in order to remain aligned with MOPAC's Police and Crime Plan 2013-16 and satisfy itself that it can proceed to Full Council.

## **2. ALTERNATIVE OPTIONS**

- 2.1 It is a statutory responsibility for Community Safety Partnerships to produce a Community Safety Plan and the decision to set the term length including extending existing Plans lies with the Community Safety Partnership under the relevant legislation. There are therefore no alternative options to doing so without risking government censure, damaging key partner relationships and undermining community safety. It is the role of Full Council to ratify that partnership plan.

### **3. DETAILS OF REPORT**

#### **Review of CSP Plan**

- 3.1 Appendix 1 of this briefing note is the Community Safety Partnership Plan 2013 – 16 Reviewed for Year 3.
- 3.2 The Community Safety Partnership reviewed the CSP Plan 2013-16 and agreed to include:
- Prostitution as a standalone priority, having separated it out from both Violence Against Women and Girls under Violence as well as some elements of it being previously addressed under Anti-Social Behaviour.
  - MOPAC 7 crimes are now a standalone priority, with particular crimes within this group previously been split across ASB, Violence and Property/Serious Acquisitive Crime CSP Plan Priorities.
- 3.3 The CSP also discussed the Preventing Violent Extremism agenda which currently sits under the Community Cohesion and Hate Crime Priority and whether it warranted being a standalone priority theme in the current CSP Plan. The decision was made by the CSP Co-chairs and the CSP that Prevent would remain within the existing Hate Crime and Community Cohesion CSP Priority Theme at this time. This would be reviewed based on the findings of the 2015 CSP Strategic Assessment, along with all other community safety issues in the borough.
- 3.4 The Prevent Board is a CSP Subgroup which is currently being restructured, so that it has a more strategic approach and appropriate level membership from across relevant partner agencies including the Home Office and SO15 and other key local partners. It has a Home Office approved annual Action Plan which identifies key priorities and actions for the borough to deliver with the Home Office Funding. The Board restructure is due to be completed by 31<sup>st</sup> December 2015 following a director level workshop (scheduled for 10<sup>th</sup> December) to develop the board strategically.
- 3.5 Full list of CSP Plan Priorities for 2015/16 are:
- Gangs and Serious Youth Violence
  - Anti-Social Behaviour and Arson
  - Drugs and Alcohol
  - Violence (inc. Domestic Violence & Violence Against Women and Girls)
  - Prostitution
  - Hate Crime and Cohesion(including Prevent)
  - Killed or Seriously Injured
  - Property/Serious Acquisitive Crime
- 3.6 Cross-cutting Priorities:
- Public Confidence and Victim Satisfaction
  - Reducing Re-offending
  - MOPAC 7

## **Extension to Term of CSP Plan 2013-16**

- 3.7 The CSP Plan is a partnership document, written and owned by the Community Safety Partnership (CSP) of which the Council is part. It is aligned to national government priorities and regional / local ones, particularly those within the Mayor of London's Office of Police and Crime (MOPAC) Police and Crime Plan (PCP) 2013-16 and those of the Executive Mayor of Tower Hamlets.
- 3.8 The current CSP Plan is specifically aligned to the MOPAC PCP as it contains and directs Police targets, partnership priorities and funding and partnership oversight by MOPAC, under the legislation relating to Police and Crime Commissioners.
- 3.9 Following a CSP request for clarification on the expiry date, MOPAC's Strategy Team confirmed that their current PCP will now expire on 31<sup>st</sup> March 2017.
- 3.10 The reason for it expiring in March 2017 and not 2016 is due to there being London Mayoral Elections scheduled for 5<sup>th</sup> May 2016 and MOPAC is treating 2016/17 financial year as a 'transitional year'. After the London Mayoral Election, the new Mayor is likely to consult on their revised vision for the Police and Crime Plan for their term in office and this will take place between June and September 2016. MOPAC's Strategy Team envisage having a new Police and Crime Plan in place around September, which Tower Hamlets CSP Plan would then need to be aligned to.
- 3.11 Under the Crime and Disorder (Formulation and Implementation of Strategy) Regulations 2011, the Community Safety Partnership (Safe & Cohesive CPDG in Tower Hamlets) is required to have a Community Safety Partnership Plan, historically known as a Crime and Disorder Reduction Strategy. Under the legislation, the power to set the term of the CSP Plan lies with the Community Safety Partnership. However under the Council Constitution, the CSP Plan and its term must be approved by Full Council.
- 3.12 The Tower Hamlets CSP recognises the importance of remaining aligned to the MOPAC priorities within the PCP for funding and policing purposes. The CSP have reviewed their current CSP Plan as per their statutory duty to do so annually.
- 3.13 On 8<sup>th</sup> September 2015 the CSP agreed as a partnership that they will extend their current CSP Plan, so that it remains aligned to MOPAC's PCP and expires on 31<sup>st</sup> March 2017.
- 3.14 The CSP were reminded that the power remained with the CSP to make this decision however, only Full Council could agree on behalf of the Council. A report on this decision to extend would need to be taken by the Council to Full Council.

- 3.15 The CSP agreed to support this report regarding its decision to extend the CSP's Plan by one year, and requests that Full Council endorses their extension to the term by one year.]

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 The report seeks the Mayor in Cabinet to note the content of the revised Community Safety Partnership Plan 2013-16; to note the decision made by the Community Safety Partnership to extend its current CSP Plan by a year to align it with MOPAC's Police and Crime Plan 2013-16; and to agree the revised CSP Plan 2013-16 and CSP decision to extend the CSP Plan, will progress to Cabinet and Full Council for formal consideration.
- 4.2 There are no specific financial implications emanating from this report regarding Council funding. However, the report recognises the importance of the CSP Plan remaining aligned to MOPAC's Police and Crime Plan 2013-16 for funding and policing purposes. The Council's has been allocated £811k from MOPAC in the financial year 2015/16, which is received in arrears. Any unused allocation of the grant cannot be carried forward.

#### **5. LEGAL COMMENTS**

- 5.1 Community Safety Partnerships (CSPs), formerly called Crime & Disorder Reduction Partnerships (CDRPs), were set up to coordinate action on crime and disorder at a local level. CSPs are under a duty to assess local community safety issues and draw up a partnership plan setting out their priorities and planned responses. The Council is a "responsible authority" of the Community Safety Partnership by virtue of section 5(1) (a) of the 1998 Act.
- 5.2 Section 6 of the Crime and Disorder Act 1998 places a statutory duty on responsible authorities to work together in formulating and implementing strategies to tackle local crime and disorder in their area.
- 5.3 Under section 17 of the Crime and Disorder Act 1998, the Council has a statutory duty to; do all that it reasonably can to reduce crime and disorder; produce (with the other responsible authorities) an annual Strategic Assessment which identifies crime and disorder priorities and implications in its area.
- 5.4 The Police Reform and Social Responsibility Act 2011 sets out the requirement for a framework for partnership working which includes duties for partners to cooperate with each other to take each other's priorities into account:
1. Section 10(1) of the 2011 Act requires Police and Crime Commissioners (PCCs) and the Mayor's Office for Policing and Crime (MOPAC) (collectively referred to as elected local policing bodies in the 2011 Act) to have regard to the priorities of the responsible authorities making up the CSPs in the police area.

2. Section 6(1A) of the 1998 Act, inserted by the 2011 Act, requires the responsible authorities to have regard to the police and crime objectives set out in the elected local policing body's police and crime plan.
3. Section 10(2) of the 2011 Act requires the elected local policing body and the responsible authorities to act in co-operation with each other in exercising their respective functions.

5.5 Therefore the recommendations in this report recognise the importance of continuous engagement with the partner organisations comprising the Community Safety Partnership and also provide evidence of the importance of coordinated and collaborative working. However, failure to adhere to published targets in the CSP Plan could lead to legal challenge which could also lead to reputational damage or environmental or economic risks. It is advantageous for the Tower Hamlets CSP to continue align with MOPAC priorities within the PCP for funding and policing purposes.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

6.1 The Community Safety Partnership (Safe and Cohesion Community Plan Delivery Group) aims through its plan, to make Tower Hamlets a more cohesive place to live, work, study and visit. The work of the No Place For Hate Forum; Community Cohesion, Contingency Planning Tension Monitoring Group and the Preventing Violent Extremism Programme Board, all subgroups of the CSP aim to carry-out this important part of work for the Partnership. Hate Crime and Cohesion remain an important priority for the Partnership.

6.2 An initial Equalities Screening and full Equalities Analysis was produced as part of the original CSP Plan 2013-16 Report, which went through the Full Council approval process, culminating at Full Council on 26<sup>th</sup> March 2014. Recommendations were made for further considerations when supporting action plans are developed.

## **7. BEST VALUE (BV) IMPLICATIONS**

7.1 Whilst difficult to quantify there are potentially significant efficiency gains from working in partnership to reduce crime and disorder in the borough. The decision to extend by one year the Community Safety Plan 2013-16 which is a partnership document and brings together key crime and disorder reduction agencies, will ensure that we continue to work together as a partnership and share resources.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

8.1 Extension of the Community Safety Plan 2013-16 so that the partnership remains aligned to MOPAC's Police and Crime Plan and the implementation of the CSP Plan is expected to have a positive effect on the environment by helping to reduce anti-social behaviour. This will then reduce the amount of

criminal damage, graffiti, fly-tipping and fly-posting and other environmental crimes in the borough.

## **9. RISK MANAGEMENT IMPLICATIONS**

9.1 The Community Safety Plan sets out an overarching structure and framework of priorities within which management of risks will take place.

## **10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

10.1 The decision to extend the current Community Safety Partnership Plan 2013-16 by one year to 31<sup>st</sup> March 2017 will ensure that we continue to work in partnership to reduce crime, anti-social behaviour, substance misuse and re-offending. It will also support the Mayors priorities helping to reduce fear of crime and contributing to relevant 'safer' related community plan commitments.

## **11. SAFEGUARDING IMPLICATIONS**

11.1 The Community Safety Partnership includes amongst its members the independent chairs of both the Safeguarding Adults and Safeguarding Children Boards. The current Chair of the Prevent Board along with both Co-Chairs of the Safeguarding Adults Board are also members of the CSP Board. These boards are seen as 'linked boards' to the CSP and have been included in the development process of the reviewed CSP Plan along with the decision by the CSP Members to extend it by a further year to remain aligned to MOPAC's Police and Crime Plan. There are no safeguarding risks identified in the report, only benefits for partner agencies across the CSP and both Safeguarding Boards by working together at strategic and operational levels in the borough, to ensure community safety in all its forms.

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- NONE.

### **Appendices**

- Appendix 1: CSP Plan 2013-16 reviewed for Year 3 (2015/16)
- Appendix 2 & 3: Equalities Considerations & Equalities Analysis: Initial Screening Document

### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- NONE.

### **Officer contact details for documents:**

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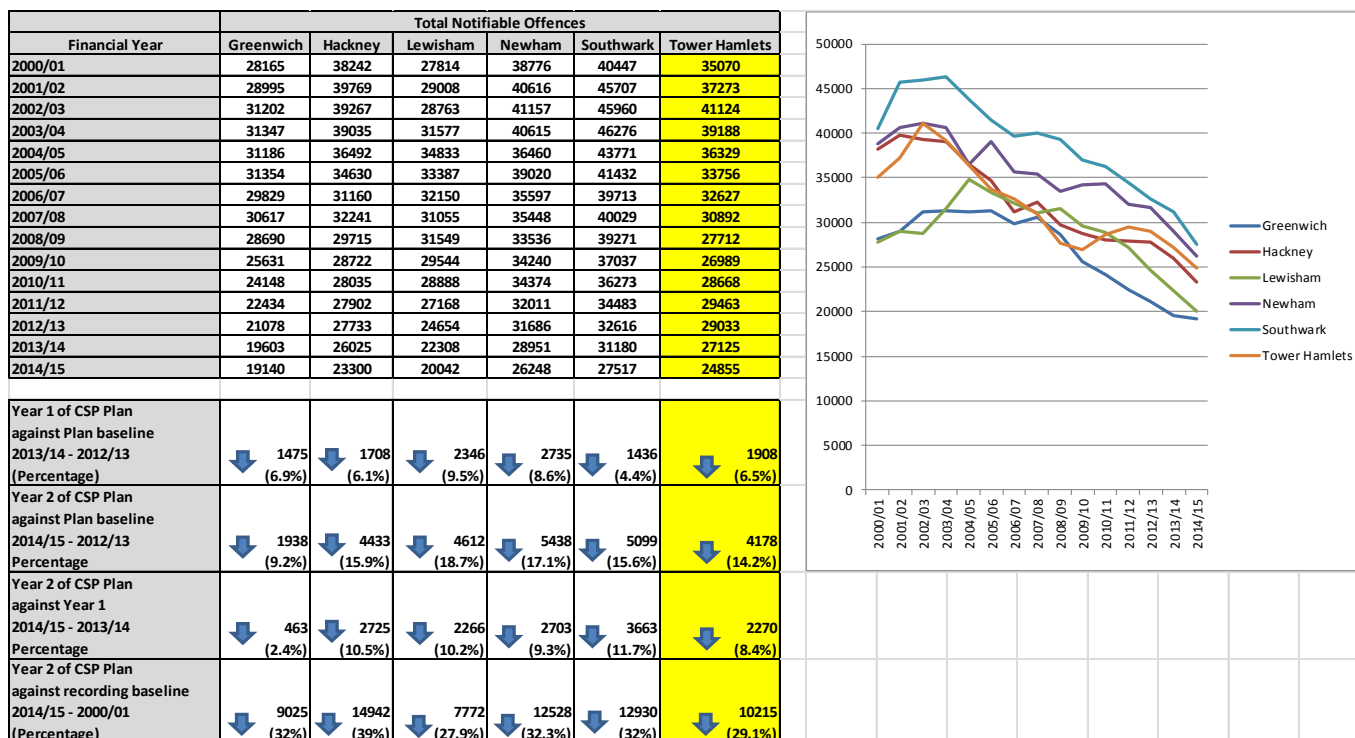
Tower Hamlets  
Community Safety Partnership Plan  
2013 – 2016  
Year 3 (2015/16)

Signed off by CSP on 22<sup>nd</sup> July 2015

## Total Crime in Tower Hamlets and Neighbouring Boroughs

Annual Total Notifiable Offences (TNOs) recorded by the Metropolitan Police in Tower Hamlets and surrounding boroughs over the 15 financial years (2000/01 – 2014/15).

Total Notifiable Offences (TNO) is a count of all offences which are statutorily notifiable to the Home Office and for the purposes of this Plan is what the Community Safety Partnership refers to as 'Total Crime'.



As of 2014/15 Tower Hamlets has the lowest annual total crime level for the past 15 years (24,855). There are now 16,269 (38.6%) fewer crimes per year than there were in 2002/03, when the borough recorded its highest annual crime total of 42,124.

When comparing Year 2 of the Plan's total crime with the Metropolitan Police's first year of recording overall crime in this way (2000/01), there has been a 29.1% reduction over the past 15 years, or 10,215 less crimes in 2014/15 (24,855) compared to 35,070 in 2000/01.

Over the first 2 years of this 3 year Community Safety Partnership Plan, the borough has seen a 14.2% reduction in total crime (TNO), when compared to its baseline financial year of 2012/13.

Over the same period, neighbouring boroughs have experienced similar reductions in Total Notifiable Offences as Tower Hamlets.

Figures obtained from the Metropolitan Police Service Crime Mapping: Data Tables section of MPS website on 16.04.15.

## **Foreword by Co-Chairs of Community Safety Partnership**

Welcome to Tower Hamlet's Community Safety Plan covering the three years 2013/14 to 2015/16.

The Community Safety Partnership Plan sets out how the Police, Council, Probation, Health, Fire Service, voluntary and community sectors and individuals can all contribute to reducing crime, disorder, anti-social behaviour, substance misuse and re-offending to keep Tower Hamlets a safe place.

This Plan aims to reduce the number of crimes and anti-social behaviour in the borough, but in some categories, it aims to increase the number of reports, due to under reporting where historically victims don't feel confident enough to report it to us. By increasing reporting and therefore recording, we will then be able to offer support to those victims and take appropriate action against the perpetrators.

The people in our communities are not just numbers or statistics, crime and disorder impacts on not only the victim's but also the wider community's quality of life, so we understand how important it is for you that we tackle it in a timely, efficient and effective way.

We are confident that this Plan not only captures and addresses the priorities that have been identified through our analysis of evidential information and performance in the borough, but also the concerns of the people of Tower Hamlets.

We recognise that not only do we have a duty to continue to tackle crime and disorder but we all (both organisations and members of the public), have a duty to prevent it from happening in the first place.

As a partnership we are responsible for community safety and community cohesion. We will work with our local communities to ensure we protect the vulnerable, support our communities to develop and make Tower Hamlets a safer place for everyone.

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## Introduction

The Tower Hamlets Community Safety Partnership (CSP) is required by law to conduct an annual assessment of crime, disorder, anti-social behaviour, substance misuse and re-offending within the borough, this is known as the Strategic Assessment. It is also required to consult members of the public and the wider partnership on the levels of the above. The Strategic Assessment and the findings of the public consultation are then used to produce the partnership's Community Safety Plan.

Since 2011, the CSP has had the power to decide the term of its Community Safety Plan. In 2012, the CSP chose to have a one year plan, this decision was based on the unique budgetary pressures on partner agencies and the anticipated demand on service from London hosting the 2012 Olympic and Paralympic games.

This Community Safety Plan will run for a period of 3 years from 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2016, with performance against the priorities within it reviewed on an annual basis in the form of the annual Strategic Assessment. The Community Safety Partnership Subgroups each produce an Action/Delivery Plan to reflect both the Priorities of the Community Safety Partnership and their own subgroup priorities. If due to external pressures or levels of performance against the priorities, the Community Safety Plan can be amended on an annual basis within its three year term.

Reducing crime and anti-social behaviour requires a careful balance between reducing recorded incidents, encouraging reporting and addressing negative perceptions of those who believe its levels are worse than they are in reality.

This plan will ensure that the issues that are most important to the people of Tower Hamlets will be addressed in the most appropriate and cost effective way. The partnership are committed to ensuring the low levels of particular crimes and issues are maintained but have also identified through local evidence and perception, a number of priorities that require particular partnership focus in the coming three years.

This Plan sets out the main objectives of the CSP and how it plans to achieve those objectives.

## About The Partnership

The Tower Hamlets Community Safety Partnership (CSP) is a multi-agency strategic group set up following the Crime and Disorder Act 1998. The CSP is also the delivery group responsible for partnership work in relation to the Tower Hamlets Community Plan priority 'A safe and cohesive community', with the priorities within both the Community Plan 2015 and this Community Safety Plan aligned. The partnership approach is built on the premise that no single agency can deal with, or be responsible for dealing with, complex community safety issues and that these issues can be addressed more effectively and efficiently through working in partnership. It does this by overseeing the following:

- Service Outcomes
- Leadership and Partnership Working
- Service Planning & Performance Management
- Resource Management & Value for Money
- Service Use and Community Engagement
- Equality & Diversity

The CSP is made up of both Statutory Agencies and Co-operating Bodies within the Borough. The Statutory Agencies are:

- Tower Hamlets Police
- London Borough of Tower Hamlets
- National Probation Service
- Hackney, City of London and Tower Hamlets Community Rehabilitation Company (CRC)
- London Fire Brigade
- NHS Tower Hamlets Clinical Commissioning Group

The Mayor's Office for Policing and Crime (MOPAC), replaced the Metropolitan Police Authority in February 2012, is no longer a statutory agency of the CSP, but becomes a co-operating body. Representatives from MOPAC and the Tower Hamlets Police and Community Safety Board are both members of the CSP.

The above are supported by key local agencies from both the Public and Voluntary Sectors. Registered Social Landlords (RSLs) have a key role to play in addressing crime and disorder in their housing estates and these are represented by the Chair of the Tower Hamlets Housing Forum. Victims and witnesses of crime and disorder are represented on the CSP by Victim Support. The extensive network of voluntary organisations within the borough, are represented by Tower Hamlets Council for Voluntary Services' Chief Executive.

Representation on the CSP is through attendance by senior officer / person within that organisation, with the authority to make strategic decisions on behalf of their agency/organisation.

Partners bring different skills and responsibilities to the CSP. Some agencies are responsible for crime prevention while others are responsible for intervention or enforcement. Some have a responsibility to support the victim and others have a

responsibility to deal with the perpetrator. Ultimately the CSP has a duty to make Tower Hamlets a safer place for everyone.

## **Governance**

The Community Safety Partnership is one of 4 Community Plan Delivery Groups which are held responsible by the Partnership Executive for delivering the aims/actions contained within the Community Plan.

### **Partnership Executive**

The Partnership Executive is the borough's Local Strategic Partnership and brings key stakeholders together to create and deliver the borough's Community Plan. Members of the Partnership include the Council, Police, NHS, other statutory service providers, voluntary and community groups, faith communities, businesses and citizens. It acts as the governing body for the Partnership, agreeing priorities and monitoring performance against the Community Plan targets and holding the Partnership to account through active involvement of local residents. The Community Plan is an agreement that articulates the aspirations of local communities and sets out how the Borough will work together to realise these priorities.

### **Community Plan**

The overall vision for the community plan is to improve the lives of all those living and working in the borough. The Community Plan includes 4 main priorities of which 'A Safe and Cohesive Community' and Tower Hamlets will be a safer place where people feel safer, get on better together and difference is not seen as threat but a core strength of the borough. To make Tower Hamlets a Safe and Cohesive Community the Partnership will focus on the following commitments:

- Reduce acquisitive crime and anti-social behaviour by tackling problem drinking and drug use
- Limit local gangs and the impact they have on youth violence and fear of crime
- Strengthen partnership work to reduce domestic violence and violence against women and girls
- Promote community cohesion
- Find solutions to increase cycling safety on busy roads

### **Mayor's Office for Policing and Crime (MOPAC)**

The Mayor's Office for Policing and Crime (MOPAC) was created by the Police Reform and Social Responsibility Act 2011. Its core function is to secure the maintenance of an efficient and effective Metropolitan Police Service (MPS), and to hold the Commissioner of Police to account for the exercise of his functions in London. MOPAC oversees the police and criminal justice system performance, the

budget environment, and the implementation of policies set out in MOPAC's Police and Crime Plan.

The Mayor of London's Office for Policing and Crime, under the remit of being London's Police and Crime Commissioner, has several responsibilities regarding Community Safety Partnerships. They are:

- a duty to consult the communities (including victims) and to publish a Police and Crime Plan
- determining police and crime objectives
- are a co-operating body on Community Safety Partnerships
- have the power to 'call in' poor performing Community Safety Partnerships.

The priorities within MOPAC's Police and Crime Plan 2013-16 are:

- Strengthen the Metropolitan Police Service and drive a renewed focus on street policing
- Give victims a greater voice
- Create a safer London for women
- Develop smarter solutions to alcohol and drug crime
- Help London's vulnerable young people

In addition to the above, the Mayor of London has placed special emphasis on a number of additional public safety challenges and concerns of Londoners, which include:

- Violence Against Women and Girls
- Serious Youth Violence
- Business Crime

It sets a total 20% reduction target over the four financial years for the following group of 'key crimes' across the whole of London by 2016/17:

- Reduction in the number of Personal Robberies
- Reduction in the number of Residential Burglaries
- Reduction in the number of Thefts From Motor Vehicles
- Reduction in the number of Thefts of Motor Vehicles
- Reduction in the number of Thefts From a Person
- Reduction in the number of Violence with Injury incidents
- Reduction in the number of acts of Vandalism

In addition, it also sets the following individual targets to achieve by 2016/17:

- 20% Increase in Public Confidence in the Police
- 20% Reduction in Re-offending by Young People Leaving Custody
- 20% Reduction in Court Delays
- 20% Increase in Compliance with Community Sentences



MOPAC is also responsible for the management and allocation of the Community Safety Fund monies from Central Government. Allocations for funding will be made on a 'Challenge Fund' approach, which will determine the nature and scale of funding to individual boroughs based on their proposal's alignment with the Police and Crime Plan Priorities.

### **Community Safety Partnership Sub-Groups**

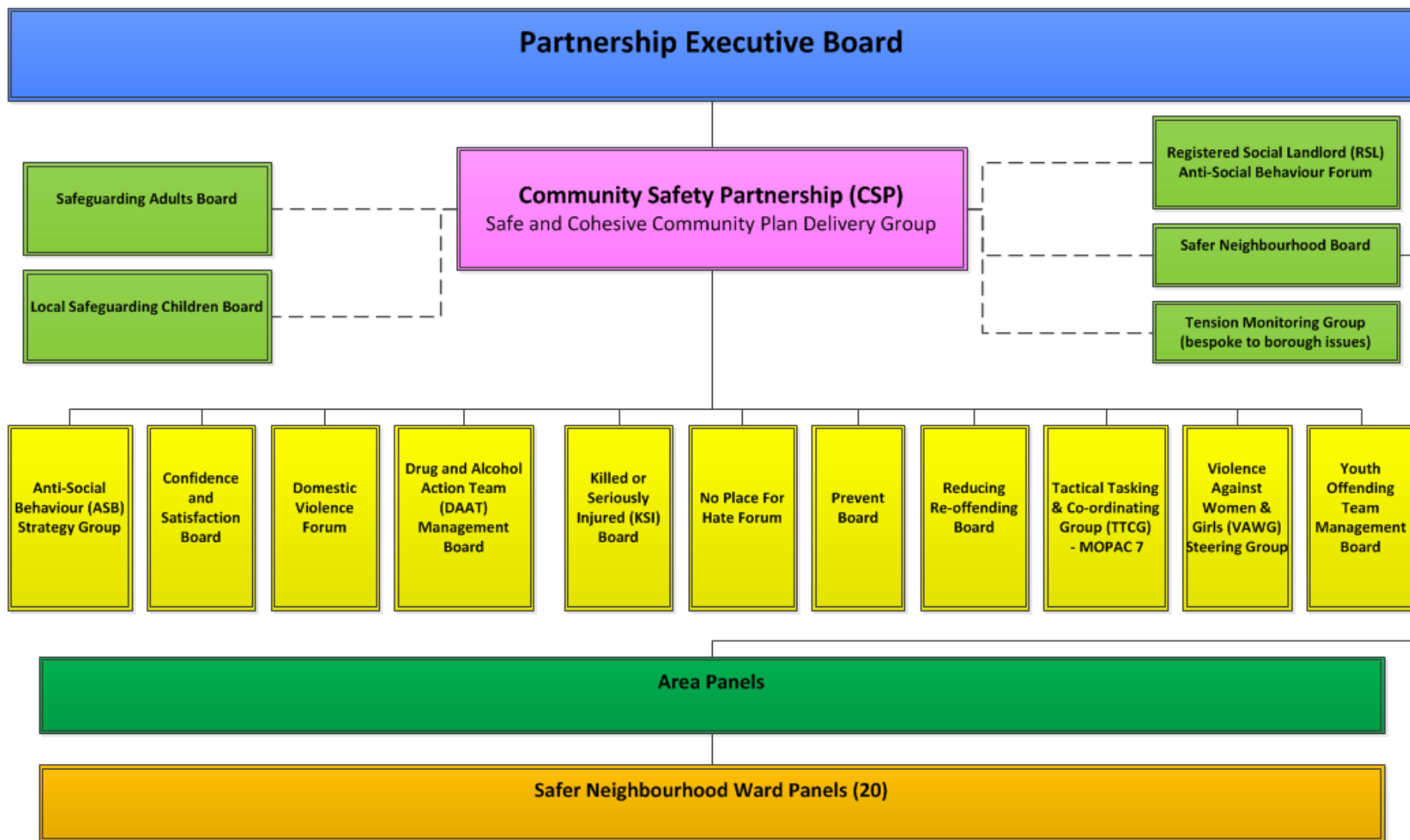
In order to co-ordinate and deliver activity in the various areas of crime, disorder, anti-social behaviour, substance misuse and reducing re-offending, the CSP has a sub-structure of groups and boards. Each sub-group/board is responsible for producing a delivery plan which aims to address the overarching partnership priorities and fulfil any additional priorities they see fit as a sub-group/board. They are responsible for ensuring there are resources available to deliver their actions and if needed, produce and submit detailed funding applications to enable this.

Subgroups are represented through their Chairperson on the Community Safety Partnership, who is required to provide a bi-monthly update on performance against their delivery plan.

Subgroups are made up of senior officers within key agencies, who have a direct responsibility for service delivery in these specific areas of work.

The diagram on the next page illustrates the current Community Safety Partnership governance structure.

# Community Safety Partnership Governance 2015



# **Community Safety Partnership, Subgroups and Linked Boards**

## **Community Safety Partnership**

The CSP as it is known amongst the partners is accountable for the reduction of crime, disorder, anti-social behaviour, substance misuse and reoffending, as well as increasing community cohesion under the Community Plan Partnership Structure. It will determine priorities and oversee the statutory and non-statutory boards responsible to deliver against these priorities. The CSP meets on a bi-monthly basis and is co-chaired by the Tower Hamlets Police Borough Commander and the Tower Hamlets Lead Member for Community Safety. Membership of the CSP is at organisational Chief Executive/Officer level.

## **Anti-Social Behaviour (ASB) Strategy Group**

The ASB Strategy Group is chaired by the London Fire Brigade Tower Hamlets Borough Commander. The Strategy Group is made up of partner agencies with a strategic responsibility to address anti-social behaviour including arson (deliberate fire setting) in the borough, and includes representation from the Police, Council, Victim Support, London Fire Brigade, Youth Offending Service, Probation and the following ASB Partnership Boards/Groups: Registered Social Landlords ASB Forum, ASB Operations Group, ASB Partnership Action Group, ASB Legal Consultation and Certification Group, Neighbourhood Panels and Community Trigger Panel. Like all CSP Subgroups, the ASB Strategy Group is responsible for producing an annual action/delivery plan which aims to address the priorities identified in the Community Safety Partnership Plan.

## **Confidence & Satisfaction Board**

The confidence and satisfaction of the community in our shared approach to crime and cohesion are key success measures. The Confidence and Satisfaction Board is chaired by the Police Borough Commander, with representatives from the Council, Victim Support and Safer Neighbourhood Board. It has an overview of activity to ensure that community views and concerns are understood and addressed both efficiently and effectively. It also ensures that residents have access to relevant information, including feedback on action taken. The joint board will meet on a monthly basis.

## **Drug and Alcohol Action Team Management Board**

This board is chaired by the Corporate Director of Communities, Localities and Culture, with membership representing the CLC DAAT team, Public Health, Education, Social Care and Wellbeing, health services, the Metropolitan Police Service, National Probation Service and Community Rehabilitation Company,. It is a

statutory board with responsibilities for co-ordinating and commissioning services relating to drug / alcohol issues in the borough including; drug / alcohol treatment for adults and young people, prevention and behaviour change, licensing and regulation / enforcement.

### **Domestic Violence Forum**

The Domestic Violence Forum is chaired by the Head of Community Safety and oversees the borough's multi-agency approach to addressing domestic violence and abuse against men, women and young people. Membership comprises approximately 100 organisations representing both statutory and voluntary service providers in the borough. The forum takes place quarterly and has oversight of key domestic violence activities including the Multi-Agency Risk Assessment Conference (The MARAC), the Specialist Domestic Violence Court, The DV One Stop Shop, The Housing & Health DV drop-in services, The LBTH Domestic Violence duty line, training and safeguarding matters related to domestic abuse. The Forum is ultimately responsible for coordinating services within the borough for both domestic violence victims and those perpetrating violence against them.

### **No Place For Hate Forum**

The forum brings key agencies together to work in partnership to develop and promote a co-ordinated response to hate crime in Tower Hamlets. It aims to protect and support victims, deter perpetrators, and challenge prejudice and hate. The Forum meets on a quarterly basis, and is chaired by the Chair of the borough's Interfaith Forum, with members from both statutory and voluntary organisations, including those representing specific areas or communities concerning hate crime.

### **Prevent Board**

This board is chaired by the Council's Service Head for Safer Communities. It operates as a distinct board with responsibility for delivering the local Prevent programme. The board is made up of officers from One Tower Hamlets, Youth Services, Tower Hamlets Police, NHS Tower Hamlets, Safer Communities, Communications, London Fire Brigade and the Council's Education, Social Care and Wellbeing Directorate.

### **Reducing Re-offending Board**

This Board is responsible for the management of offenders in the community. The board is co-chaired by a Police Superintendent and the Community Rehabilitation Company's Assistant Chief Officer and brings together a range of activity including the Priority and Prolific Offender Scheme, the Youth Offending Team, Probation and the Drugs Intervention Programme. It aims to provide a clear link from strategy to delivery between all existing offender management arrangements, to include Youth Offending Service,

MAPPA, IOM and Gangs. It is not just a liaison group but a Management Group with power to make decisions, commission reviews and allocate resources.

### **Safeguarding Adults Board (Linked Board)**

The Safeguarding Adults Board is a statutory local partnership board in its own right under the Care Act 2014, with shared interests and a close relationship with the CSP. The multi-agency board comprises lead people from all the NHS organisations in the borough, various Council services, Police, Probation, Fire, Ambulance, Housing providers and voluntary, community and advocacy organisations. The Safeguarding Adults Board has a similar close working relationship with the Health and Wellbeing Board and the Local Safeguarding Children Board as with the Community Safety Partnership Board. It has an Independent Chair not employed by any of the member organisations. The board oversees and seeks assurance about the quality of service responses to people who are vulnerable and in need, or potentially in need, of safeguarding. It also supports and scrutinises the quality of partnership working between organisations in line with statutory and Pan-London requirements.

### **Local Safeguarding Children Board – (Linked Board)**

This is a statutory multi-agency Partnership Board under The Children Act 2004, which has an Independent chair and comprises of lead officers from various Council services, Police, National Probation Services and Community Rehabilitation Companies, Clinical Commissioning Groups, NHS Trusts, CAFCASS and the local voluntary sector. It also includes two lay members.

The LSCB's objectives are to co-ordinate what is done by each person or body represented on the Board for the purposes of safeguarding and promoting the welfare of children in the borough; and to ensure the effectiveness of what is done by each person or body for those purposes. The LSCB works in partnership with the CSP to ensure that in delivering its agenda the CSP ensures that the safeguarding of children and young people remains paramount. The Independent Chair of the LSCB also has a seat on the Health and Wellbeing Board.

### **Tactical Tasking and Co-ordinating Group**

The Group was established as part of the programme to join together partnership service delivery in the localities. It meets on a fortnightly basis and uses an analytical product/profile on current/emerging crime and anti-social behaviour issues to task police resources to respond. The overarching principle behind the Group is to ensure that local operational activity is prioritised against MPS Control Strategy priorities, which also include community concerns as determined through ward panels.

The group is chaired by the Police Borough Commander and the membership includes various ranking police officers. The London Fire Brigade and Tower Hamlets Homes are represented on group in addition to the following officers from the council;

Head of Community Safety, Head of Enforcement & Markets, ASB Analyst and Surveillance & Intelligence Officer.

### **Tension Monitoring Group (TMG)**

This group is chaired by the Service Head of Safer Communities and acts as an operational group to monitor community tensions. The group is made up of representatives from organisations including the Interfaith Forum, the London Muslim Centre, the Council of Mosques, Rainbow Hamlets, Youth Services, Tower Hamlets Police, the Council's Safer Communities Service, Corporate Safety and Civil Protection, Communications and One Tower Hamlets.

### **Violence Against Women and Girls (VAWG) Steering Group**

The VAWG Steering Group is chaired by the Head of Community Safety and oversees the borough's multi-agency approach to addressing all forms of Violence Against Women and Girls. Whilst it has an oversight of domestic violence and Child Sexual Exploitation (CSE), the detail of these are dealt with separately via the Domestic Violence Forum and LSCB CSE subgroup respectively. The other main types of violence covered include rape and sexual violence, trafficking, prostitution, female genital mutilation, forced marriage, so called 'honour' based violence, stalking and harassment. These are the Borough's strands within its Violence against Women and Girls Plan.

Membership comprises approximately a dozen individuals with responsibility for statutory services in the borough. The forum takes place quarterly and has oversight of key initiatives in this area including the Tower Hamlets Prostitution Partnership (Prostitution Multi-Agency Risk Assessment Conference (MARAC)), the Prostitution Support Programme, and the VAWG Training and Awareness Officer. The Forum is ultimately responsible for coordination of services within the borough for both violence victims/survivors and those perpetrating violence against them.

### **Youth Offending Team Management Board**

The YOT Management Board oversees the youth offending multi-agency team which comprises of staff from: the Council (Education Social Care and Wellbeing, and the Youth Service), Police, Probation and Health. The team works with young people from arrest through to sentencing. Staff provide services including bail and remand management and Pre-Sentence reports to the Youth, Magistrates and Crown Courts and work with young people subject to reprimands and final warnings from police, and those charged, convicted and given community and custodial sentences. The team also works with young people and the wider community to prevent young people entering the criminal justice system.

## Highlights from 2014/15

The Community Safety Partnership faced a challenging year in 2013/14, with cuts to resources (both financial and human), organisational restructures and their associated added pressure on service delivery. However, partners still managed to reduce crime and disorder in the borough.

The Partnership held its third Annual CSP Conference in November 2013, with over 100 representatives from across the partnership and its many subgroups. A series of presentations were given on the new local policing model, 6 months performance against the CSP priorities, anti-social behaviour, reducing re-offending and gangs, which were then followed up with 3 workshops on the latter, to improve partnership working against these priorities. The conference was well received by all who attended.

### **Domestic Violence:**

The last 12 months has seen numerous successes in the activities overseen by the Domestic Violence Forum. The last year has seen a successful White Ribbon week campaign, including awareness and publicity activities and members of the public signing a pledge. We have enabled 41 victims of domestic violence to get security in their homes through the Sanctuary scheme. We have provided training to a range of organisations and supported agencies to develop their own DV policies and procedures. We received a positive result from the inspection of our MARAC by CADAA.

### **Violence against Women and Girls (VAWG):**

Over a thousand professionals, residents and young people have received training in VAWG through our VAWG Training and Awareness Officer and schools programmes. A prostitution support programme, to support women to exit sex working, has been fully established within the Council's Drugs Intervention Programme and is up and running. A prostitution coordinator post in the DIP coordinates and co-Chairs the prostitution MARAC alongside the Police. Two members of Victim Support are now in post, focusing on providing specialist support to victims of violence and sexual violence (as well as hate crime). We held a successful conference focusing on young people with over 120 attendees and developed a dedicated leaflet for young people, led by young people from the Pupil Referral Unit. We have also recruited and trained over 90 professional, school and community champions from across the borough. We have also secured funding and are beginning to deliver a programme of activity on harmful practices, mainstreamed within existing Childrens' Social Care and health settings.

Child Sexual Exploitation strand of VAWG: In 2014 the Pan-London Child Sexual Exploitation Operating Protocol was launched, to provide a unilateral multi-agency approach and principles to safeguarding children.

March 2015 saw the national launch of Operation 'Makesafe' - a campaign to bring awareness of Child Sexual Exploitation. This operation was directed at Hotels, taxi firms and licensed premises; Arming employees with knowledge to identify CSE and how to report it. Tower Hamlets Police activity on the day was to circulate promotional material to these businesses as well as local doctors' surgeries and sexual health clinics.

March 2015 also witnessed the publication of the revised Pan London CSE protocol providing best practice and advice around new tactics, such as:

- Clarity on MASE agenda, tactical options for the MASE
- New Sexual Prevention Orders
- National Referral Mechanism
- More guidance on line abuse.

In 2015 Tower Hamlets Police intend to launch a local Op Makesafe tri-borough operation, in conjunction with Hackney Police and the City of London. The iconic Guild Hall has been secured as a venue, and invitations to local business leaders within each of the 3 police areas have been delivered.

### **Drugs and Alcohol:**

We have continued to attract drug users into treatment via a number of pathways and have widened the cohort accessing treatment with many more treatment starts amongst those using Cocaine, high strength Cannabis and a range of club / party drugs. We continue to utilise pathways through the criminal justice system with a very high pick-up rate of prison leavers.

We continue to attract risky drinkers into treatment and screened over 30,000 individuals for alcohol drinking patterns in general practice. Dedicated resource within the Royal London Hospital has been used to support drug / alcohol users into community treatment services. The number of alcohol treatment requirement orders have increased as a result of renewed focus and enhanced resources.

During the course of 2014/15, a plan for restructuring treatment services across the borough has been developed and approved to maximise opportunities for individuals to recover from their addiction(s).

We have exceeded the target for the number of successfully completed Drug Rehabilitation Requirement orders (DRRs).

### **Anti-Social Behaviour:**

Anti-social behaviour on the Borough has reduced by 10% in the last year and those that phone police on 2 or more occasions have reduced by 4%. This has been achieved by partnership working and targeted tasking. The Borough now also has a clear multi-agency approach to vulnerable victims of ASB which is supporting those most at risk in our community.



Overall arson across the borough has fallen in the last year, with particular success in reduction of vehicle fires. However, arson in rubbish bins has risen over the past 12 months and is continuing to rise, this is despite over 1600 visual audits being carried out, which help to ensure rubbish hotspots were cleared before arson could be committed. New technology and ease of reporting rubbish will help to reduce potential arson targets caused by rubbish in the following year.

### **Gangs and Serious Youth Violence:**

The Early Intervention and Prevention service within the Youth Offending Service has successfully engaged with young people on the Police gangs matrix, using a peer outreach youth work model. The deployment of youth workers in Royal London Hospital's paediatric A&E on weekend evenings has been fruitful, with 16 referrals in the first four weeks. As a result the small team will be bolstered by staff from the YOT, Troubled Families and Docklands Outreach service; clinical group supervision will be provided by the hospital's Safeguarding team. The use of gang "Call in's" is being planned with the Police, YOT and the hospital. An innovative and successful call in for the parents of those involved in 'Jubilee Street Massive' was held in the London Muslim Centre in April, attended by eight families and produced some very useful intelligence for the Partnership, particularly the Police (Drug dealers mobile numbers, names and addresses where the young people were harboured at night) The parents were keen to work with the Authorities as they were very concerned for the young men.

### **Youth Offending:**

We have continued to reduce and prevent the number of young people entering the criminal justice system for the first time (FTE) through our partnership working between Police and YOTs Pre-court/Triage Team. We have reduced re-offending and Custodial Sentences in line with National targets.

Our Final Quarterly Review from the Youth Justice Board showed the following annual performance:

**First Time Entrants** – Our performance shows a 10.1% reduction, this is a greater reduction compared to the London and England averages, which were 7.2% and 8.7% respectively.

**Frequency of re-offending** - We achieved a reduction of 18.2%. The London and England averages have declined by 15.2% and 7.8% respectively.

**Custody** - We achieved a reduction of eight young people, equating to a 36.8% reduction. The London and England averages have both seen a reduction of 31.6% and 19.2% respectively. We can therefore claim to be the fastest improving service in the country.

The YOS Early Intervention/Prevention Team was voted Team of the Year for the Education, Social Care and Wellbeing Directorate

The latest available custody data shows a slight increase in the number of custodial episodes in the borough from 24 for the period January to December 2013 compared to 20 in the previous calendar year, our analysis reveals this to be the result of serious youth violence and Class A possession with intent to supply which means those sentences were inevitable.

The service was subject to a 'Short Quality Screening' Inspection by HMIP in late summer 2014 where our work was found to be 'satisfactory' (the only other category was 'unsatisfactory').

### **Reducing Re-offending:**

The youth re-offending rate has been decreased by the Youth Offending Service per offender in the cohort for Apr 11 - Mar 12 (1.02), compared to the figure (1.05) for the same period of the previous year. The 1.02 rate is in line with National Performance, also at 1.02 and lower than the London performance 1.06 comparator. Caseloads in the service have gradually reduced due to our success in preventing more young people from entering the youth justice system, this has enabled an increased focus on quality and intensity in our work with the most serious offenders, although the incidence of serious and grave offences is a matter for concern which is under investigation by an independent consultant in an attempt to identify any lessons to be learnt and service improvement issues.

### **Public Confidence and Victim Satisfaction:**

Both confidence and satisfaction measures continue to be a challenge despite previous activity. Although it should be noted that there has been a rise in satisfaction in the last quarter of 2014/15 to 76%; confidence currently stands at 60%. Action plans are being revised to better reflect activity that will enhance performance, with activity being undertaken to improve specific drivers, police action and follow up for satisfaction, and we will continue to develop public engagement opportunities to explain partnership activity to improve confidence. An overarching communication plan will be developed and we will work more closely with Victim Support

### **Hate Crime:**

The Hate Crime Third Party Reporting Centres have been reviewed, re-trained and re-launched, to ensure they are providing a good standard of service to victims. Victim Support have 2 posts, whose remit specifically includes support for victims of hate crime and these posts are actively working on a number of hate crime cases, based in the borough. LBTH have funding for an officer in the hate crime team to engage with community organisations and the public. The No Place for Hate Campaign materials have been refreshed and continue to be publicised.

Presentations and training and awareness sessions have been provided for a number of organisations.

### **Tension Monitoring Group (TMG):**

The TMG has strengthened its response to tackling and reducing tensions, successfully managing a number of high profile and potentially disruptive incidents.

The Group has been involved in reducing tensions that have come about from international issues but have had an impact locally, in particular the political issues in Syria.

Our success is evidenced through the boroughs annual residents' survey where the majority of residents (78%) feel that the local area is a place where people from different backgrounds get on well together. This is a positive result that has been maintained at this level for the past 8 years.

### **Prevent Programme Board:**

We secured funding from the Home Office for projects working with a wide range of local partners, including schools, young people and parents.

We delivered and have begun to independently evaluate our 'Building Community Resilience' project (which is delivered by London Tigers). We have also undertaken training and development with youth workers to develop our work with young people relating to prevent. The success of these projects has been recognised by the Home Office and we have secured funding for these projects as well as to extend our portfolio of projects into 2014/15.

We have tackled recruitment by extremist organisations during the course of the year and have seen an increase in community venues signing up to the No Place for Hate pledge, helping to prevent such groups hiring venues in the borough. We have also delivered Prevent training to more than 100 professionals over the year.

### **Property Crime:**

In 2014/15, over the rolling 12 month period there has been a 8.2% reduction in all burglaries (both residential and non-residential). Individually non-residential burglary has reduced by 2.2%, however residential burglary reduced by 13.4%.

Robbery in the borough has reduced by 6.7%, while theft from person has also reduced by 15%.

Theft from motor vehicle reduced by 12.7% and theft of motor vehicle has increased by 4.8%.

### **Killed or Seriously Injured:**

During 2014/15 regular ANPR operations have been conducted by the Borough's CT Engagement Team at peak travel times using the borough's mobile ANPR vehicle and the Council's network of ANPR cameras. These operations have taken place on the main roads in the borough which have been highlighted as an issue, typically commuter routes in/out of central London.

Since January 2015, regular joint work has been conducted with Metropolitan Police colleagues from Safer Transport and Roads Policing Command (based at Bow). Every Thursday a Safer Transport Command officer works alongside borough police officers in an enforcement capacity.

Monthly Operation Safeway event with colleagues from Safer Transport and Roads Policing Command, with education and engagement activities including lorry drivers and cyclists swapping places to highlight the dangers to each from lack of awareness of the other.

Emergency Police Response Teams allocate one car every early turn shift on a daily basis to patrol the A11 corridor, paying particular attention to junctions highlighted to be at risk for road traffic incidents.

### **Partnership Task Force:**

The Council funded Partnership Task Force police officers work to address the community's priority concerns around drugs, anti-social behaviour, prostitution and gangs. The Team are tasked along with other partnership resources to hotspots of concern based on analytical profiles through the ASB Operations Group and Tactical Tasking and Co-ordinating Group.

The PTF have worked with officers from across the partnership on a daily basis and in a highly visible way to both address community concerns and increase community presence which in turn leads to greater community confidence and a reduced fear of crime.

In 2014/15 the Partnership Task Force have made the following:

- 572 Arrests
- 31 Vehicle Seizures
- 249 Weapons Sweeps
- 109 Cannabis Warnings
- 148 Drugs Warrants Executed, which resulted in 135 arrests
- 1,028 Wraps of Class A Drugs Seized
- 395 Cannabis Plants Seized
- 3 Kilos, 196 bags and 70 Wraps of Cannabis Seized
- £295,290 Seized under the Proceeds of Crime Act

## Strategic Assessment 2014

The Tower Hamlets Community Safety Partnership is required to produce an annual Strategic Assessment by the Crime & Disorder (Formulation & Implementation of Strategy) Regulations 2007. The regulations state that a strategic assessment needs to include:

- An analysis of the current community safety issues
- An analysis of the changes in those levels and patterns, and;
- The Partnership's priorities to tackle the local issues.

The Strategic Assessment 2014 has allowed the Partnership to fulfil its statutory duty to review this Community Safety Partnership Plan in 2014 and refresh it for the final year (2015/16) of its 3 year term.

The Strategic Assessment production process is reviewed on an annual basis by the CSP's Strategy Group, which is made up of senior representatives of the borough's 6 Responsible Authorities as well as the CSP Subgroup Chairs. This review enables the Partnership to ensure that the Strategic Assessment contains and analyses all the key information required for the CSP to be able to effectively review its Community Safety Partnership Plan annually.

The partnership examined the context of current themes within community safety and took into account key national, regional and local priorities.

The Strategic Assessment was developed based on close analysis of data against the CSP's 30 priority performance indicators across its 8 priority themes (see below). Performance is monitored as part of the CSP's Priority Performance Dashboard at CSP meetings on a bi-monthly basis and at the relevant CSP Subgroup meetings.

The Partnership believed that these Priority Themes are the most efficient way to monitor data, and take into account the national, regional and local priorities. The eight themes are:

- Youth Crime (Gangs and Serious Youth Violence) (3 indicators)
- Anti-Social Behaviour (inc. Arson) (3 indicators)
- Drugs and Alcohol (5 indicators)
- Violence (including Domestic Violence and Violence against Women and Girls) (3 indicators)
- Hate Crime and Cohesion (3 indicators)
- Public Confidence & Victim Satisfaction (3 indicators)
- Reducing Re-offending (3 indicators)
- Killed or Seriously Injured (1 indicator)
- Property Crime (5 indicators)
- MOPAC (1 Indicator)

The statutory partners provided information on the above indicators and they have been reviewed in the Strategic Assessment in terms of the following factors:

- Data and Analysis: 1<sup>st</sup> October 2013 – 30<sup>th</sup> September 2014
- Trends over the last 3 years (October 2011 – September 2014)

In addition to the information supplied by the statutory partners, additional information was provided by Victim Support, Registered Social Landlords and Voluntary and Community Organisations in the borough, including Victims equalities data, Killed or Seriously Injured equalities data as well as Stop & Search data from MOPAC.

**Please note:**

**Due to the time scales and production schedule for the Community Safety Plan, we are unable to use full financial year figures to base the plan on.**

# Performance from Strategic Assessment 2014

1<sup>st</sup> October 2011 – 30<sup>th</sup> September 2014

**Please note:** There are no Sanction Detection (SD) Rates available from 3 previous years, which prevents comparison with current rates.

**\*Sanction Detections** can be defined as those where an offender has been charged, cautioned, reported for summons, reprimanded, the offence has been taken into consideration or where a fixed penalty notice has been issued in relation to a Notifiable Offence.

Priority A: Gangs and Serious Youth Violence						
Performance Indicator	Lead Agency for performance indicator & CSP Subgroup	Performance 2011/12 (Oct – Sept)	Performance 2012/13 (Oct – Sept)	Performance 2013/14 (Oct – Sept)	Difference (+/-%) 2013/14 - 2012/13	Direction of Travel Oct 2011 – Sept 2014
Number of young people engaged with from the Police Gang Matrix	Police / YOS (YOT MB)	-	5 from top 10 25 associates	12 from top 10 Up to 5 associates per individual	+140%	-
Number of young people entering the Youth Justice System for the first time	LBTH (YOT MB)	195 (12 months to June 2012)	133 (12 months to June 2013)	102 (12 months to June 2014)	-23.3%	-47.7%
% of custodial sentences compared to all court disposals	LBTH – YOT (YOT MB)	24 (5.8%) 24/413	20 (5.3%) 20/379	16 (7%) 16/230	-4 (+1.7%)	-8 (+1.2%)

Priority B: Anti-Social Behaviour (including Arson)						
Performance Indicator	Lead Agency for performance indicator	Performance 2011/12 (Oct – Sept)	Performance 2012/13 (Oct – Sept)	Performance 2013/14 (Oct – Sept)	Difference (+/-%) 2013/14 – 2012/13	Direction of Travel Oct 2011 – Sept 2014
Number of Police CAD calls for ASB	Police (ASB OG)	17,784	17,452	16,052	-1400 (-8%)	-1,732 (-9.7%)
Number of Arson incidents (all deliberate fires)	London Fire Brigade (ASB OG)	481	390	345	-45 (-11.5%)	-135 (-28.3%)
Number of Repeat Victims of ASB		736	749	735	-14 (-2%)	-1 (-0.1%)

Priority C: Drugs and Alcohol						
Performance Indicator	Lead Agency for performance indicator	Performance 2011/12 (Oct – Sept)	Performance 2012/13 (Oct – Sept)	Performance 2013/14 (Oct – Sept)	Difference (+/-%) 2013/14 – 2012/13	Direction of Travel Oct 2011 – Sept 2014
Number of alcohol users engaging in structured treatment  <b>Restricted NDTMS Data – Not for Public*</b>	LBTH (DAAT)					
Percentage of successful completions (drug treatment) who do not re-present within 6 months: A) Opiates <b>Restricted NDTMS Data – Not for Public*</b>	LBTH (DAAT)					
Percentage of successful completions (drug treatment) who do not re-present within 6 months: B) Non-opiates <b>Restricted NDTMS Data – Not for Public*</b>	LBTH (DAAT)					
Number of clients on IARP caseload also in structured treatment for A) Opiates	LBTH (DAAT)	Q3 375 (23%) Q4 367 (22%) Q1 No Data Q2 360 (23%)	Q3 364 (23%) Q4 334 (23%) Q1 385 (26%) Q2 382 (26%)	Q3 373 (25%) Q4 374 (26%) Q1 375(26%) Q2 367(25.7%)	+9 (+2%) +40 (+3%) -10 (0%) -15 (-0.3%)	-2 (+2%) +7 (+4%) NA +7 (+2.7%)
Number of clients on IARP caseload also in structured treatment for B) Non-opiates	LBTH (DAAT)	Q3 41 (20%) Q4 35 (16%) Q1 No Data Q2 22 (10%)	Q3 14 (7%) Q4 16 (8%) Q1 27 (14%) Q2 27 (13%)	Q3 28 (13%) Q4 38 (17%) Q1 27 (18.8%) Q2 25 (17.1%)	+14 (+6%) +22 (+9%) (+4.8%) -2 (+4.1%)	-13 (-7%) +3 (+1%) NA +3 (+7.1%)
Number of clients on IARP caseload also in structured treatment for C) Alcohol	LBTH (DAAT)			Q1 58 (11.7%) Q2 46 (9.6%)	-	-
Number of arrests made under 'Dealer a Day'	Police (TTCG)	415	313	340	+27 (+8.6%)	-75 (-18%)

\*NTDMS (National Drug Treatment Monitoring System) data is restricted to the Community Safety Partnership for monitoring purposes only, it is not suitable for publishing in public documents and for this reason has been removed from this document prior to publishing.



**Priority D: Violence ( inc. Domestic Violence and Violence Against Women and Girls)**

\*\* Please note: Due to historic under reporting of violence against women and girls, significant work is being undertaken to increase both confidence in reporting and early reporting of these offences/crimes, to ensure that the actual levels are established. More importantly, so that the victim/survivors receive partnership support at the earliest possible opportunity. Due to this work, we hope that this will have an impact (increase) on the number of reports of violence against women and girls, particularly the Number of Domestic Violence Offences, Rapes and Other Serious Sexual Offences as seen below.

Performance Indicator	Lead Agency for performance indicator	Performance 2011/12 (Oct – Sept)	Performance 2012/13 (Oct – Sept)	Performance 2013/14 (Oct – Sept)	Difference (+/-%) 2013/14 – 2012/13	Direction of Travel (Oct 2011 – Sept 2014)
Number of Violence with Injury (Non-Domestic Abuse)	Police (TTCG)	1548	1528	1,751	+223 (+15%)	+203 (+13.1%)
Number of Violence with Injury (Domestic Abuse)	Police (TTCG)	538	719	726	+7 (+1%)	+188 (+34.9%)
Number of Rapes and Other Serious Sexual Offences**	Police (TTCG)	455	489	584	+95 (+19%)	+129 (+28.3%)

**Priority F: Hate Crime and Cohesion**

Please note: Due to historic under reporting of hate crime, significant work is being undertaken to increase both confidence in reporting and early reporting of these offences/crimes, to ensure that the actual levels are established. More importantly, so that the victims receive partnership support at the earliest possible opportunity. The performance data below is in the format/categories provided by the police, unfortunately this does not disaggregate it into the 7 strands of hate crime (Disability; Race or Ethnic Identity; Religion/Belief; Gender or Gender Identity; Sexual Orientation; Age and Immigration Status or Nationality), which has historically only been recorded by the police as Race and Religious or Homophobic incidents/crimes. Due to this work, we hope that this will have an impact (increase) on the number of reports of all types of hate incidents/crimes, thus reducing the historical under-reporting, as seen below.

Performance Indicator	Lead Agency for performance indicator	Performance 2011/12 (Oct – Sept)	Performance 2012/13 (Oct – Sept)	Performance 2013/14 (Oct-Sept)	Difference (+/-%) 2013/14 – 2012/13	Direction of Travel (Oct 2010 – Sept 2013)
Total Number of Hate Crimes reported to Police <i>Please see above explanatory note</i>	Police (NPFHF)	728	907	1002	+95 (+10.4%)	+274 (+37.6%)
Overall Hate Crime Sanction Detection (SD) Rate	Police (NPFHF)	297 (41%)	425 (47%)	271 (27%)	-154 (-20 percentage points)	-26 (-14 percentage points)
% of people who believe people from different backgrounds get on well together in their local area	LBTH (PTMG)	78% (sample size 1171)	81% (Sample Size 1192)	78% (Sample Size 1147)	-3 percentage points	-

**Priority G: Killed or Seriously Injured on our roads**

<b>Performance Indicator</b>	<b>Lead Agency for performance indicator</b>	<b>Performance 2011/12 (Oct – Sept)</b>	<b>Performance 2012/13 (Oct – Sept)</b>	<b>Performance 2013/14 (Oct-Sept)</b>	<b>Difference (+/-%) 2013/14 – 2012/13</b>	<b>Direction of Travel (Oct 2010 – Sept 2013)</b>
Number of persons killed or seriously injured on road	Police (KSI)	142 Aug 2011 – July 2012	132 Aug 2012 – July 2013	44 Aug 2013 – July 2014	-88 (-67%)	-98 (-69%)

**Priority H: Property / Serious Acquisitive Crime**

<b>Performance Indicator</b>	<b>Lead Agency for performance indicator</b>	<b>Performance 2011/12 (Oct – Sept)</b>	<b>Performance 2012/13 (Oct – Sept)</b>	<b>Performance 2013/14 (Oct-Sept)</b>	<b>Difference (+/-%) 2013/14 – 2012/13</b>	<b>Direction of Travel (Oct 2011 – Sept 2014)</b>
Number of Personal Robberies	Police (TTCG)	1,320	1,253	1,095	-158 (-12.6%)	-225 (-17%)
Number of Residential Burglaries	Police (TTCG)	1,367	1,533	1,206	-327 (-21.3%)	-161 (-11.8%)
Number of Theft of Motor Vehicle	Police (TTCG)	836	852	907	+55 (+6.4%)	+71 (+8.5%)
Number of Thefts from Motor Vehicle	Police (TTCG)	1,714	1,695	1,620	-75 (-4.4%)	-94 (-5.5%)
Number of Thefts from Persons	Police (TTCG)	1,754	1,708	1,261	-447 (-26.1%)	-493 (-28.1%)

**Cross-Cutting Priority 1: Public Confidence and Victim Satisfaction**

<b>Performance Indicator</b>	<b>Lead Agency for performance indicator</b>	<b>Performance 2011/12 (Oct – Sept)</b>	<b>Performance 2012/13 (Oct – Sept)</b>	<b>Performance 2013/14 (Oct – Sept)</b>	<b>Difference (+/-%) 2013/14 – 2012/13</b>	<b>Direction of Travel (Oct 2011 – Sept 2014)</b>
Percentage of Community Concerned about ASB: A) residents who feel that people using or dealing drugs is a very or fairly big problem	(LBTH) (TMG)	53%	55%	59%	+4 percentage points	+6 percentage points
Percentage of Community Concerned about ASB: B) residents who feel that Rubbish and Litter lying around is a very or fairly big problem	LBTH (TMG)	52%	50%	55%	+5 percentage points	+3 percentage points
Percentage of Community Concerned about ASB: C) residents who feel that people being drunk or rowdy is a very or fairly big problem	LBTH (TMG)	43%	46%	50%	+4 percentage points	+7 percentage points
Percentage of Community Concerned about ASB: D) residents who feel that vandalism, graffiti and criminal damage is a very or fairly big problem	LBTH (TMG)	41%	43%	39%	-4 percentage points	-2 percentage points
Overall Victim Satisfaction (with Police Service)	Police (Satisfaction Board)	70% (FY 11/12)	74% (FY 12/13)	72% (FY 13/14)	-2 percentage points	+2 percentage points
Overall confidence of Police doing a good job	Police (Confidence Board)	63% (July 12 – June 13)	61% (FY 12/13)	55% (current figure at time of writing)	-6 percentages points	-8 percentages points

**Cross-cutting Priority 2: Reducing Re-offending**

<b>Performance Indicator</b>	<b>Lead Agency for performance indicator</b>	<b>Performance 2011/12 (Oct – Sept)</b>	<b>Performance 2012/13 (Oct – Sept)</b>	<b>Performance 2013/14 (Oct – Sept)</b>	<b>Difference (+/-%) 2013/14 – 2012/13</b>	<b>Direction of Travel (Oct 2011 – Sept 2014)</b>
Number of offenders on IOM Cohort 18+ who have reduced offending – Red to Green on Cohort	Probation (RRB)	-	-	Unable to compare as data only available monthly from May – Nov 2014		
Number of young offenders in any reduced re-offending cohort	YJB (YOT MB)	-	-	Unable to compare data based on format released in		
Re-offending rates	Probation (RRB)	2011 Frequency Rate 0.96 Binary Rate 38.8%	2012 Frequency Rate 1.17 Binary Rate 41.5%	Data not available for comparison		

## Public Consultation

As part of the Partnership's statutory duties to consult the community on community safety in the borough, an extensive 5 week public consultation took place during May and June 2012. The consultation asked members of the public (residents and business people), partnership and community groups/organisations for their top three community safety priorities.

People were made aware of the consultation via press articles, letters and email alerts. They were given the opportunity to attend their local Police Safer Neighbourhood Team's Public Meeting, a Borough Public Meeting or a Members' Consultation Session. In addition they could reply in writing /email or respond via the dedicated webpage.

In total 1,013 responses were received, the majority of which (862) were collected through the dedicated web page (Mytowerhamlets) survey. This collection method enabled us to monitor the equalities data of those 862 recipients against the Greater London Assembly's 2011 data, full findings of which are included in Public Consultation Report. In summary 65.71% of recipients identified their ethnicity as White (17 percentage point overrepresentation) and 20.36% as Bangladeshi (14 percentage point underrepresentation). In terms of Gender, 42% of respondents were female and 58% were male, which shows a 6.5 percentage point underrepresentation for female. The largest group of respondents were those aged between 25 and 39 years of age, making up 50.2% (3.2% overrepresentation) of respondents and the smallest group being the 0 to 16 age group, making up only 5.1% (14.9% underrepresentation), however we cannot expect infants and minors to respond, so we cannot make meaningful statements about this. Those aged between 17 and 24 years made up 9% of respondents, which is an 11 percentage point underrepresentation.

### Results:

Based solely on the number of selections by members of the public in Tower Hamlets across all the different collection methods, the top 4 community safety priorities for the Community Safety Plan 2013-16 are:

1) Anti-Social Behaviour (ASB)	298
2) Serious Acquisitive Crime	200
3) Drugs and Alcohol	196
- Violence	196

In 2013/14 as part of the Partnership's statutory duty to consult, the Partnership held four Resident's Question Time public meetings, where anyone in the borough was able to raise community safety issues with senior officers from the Partnership. During these four themed events the residents' and local community groups' main concerns were:

- Drugs & Alcohol
- Anti-Social Behaviour
- Serious Acquisitive Crime
- Violence (including Violence Against Women and Girls)
- Reducing Re-offending
- Public Confidence

## **Priorities – How the Partnership Decided**

In December 2012, the Community Safety Partnership was presented with the Strategic Assessment 2012, an Executive Summary of the Strategic Assessment 2012, the Public Consultation Report and a paper which made recommendations based on their findings. These documents were used along with internal/external partnership priorities, when the partnership originally set its priorities for the full term of the plan back in March 2013.

It is a statutory duty of the Community Safety Partnership to review the Community Safety Plan annually, based on the findings of its annual Strategic Assessment.

In February 2015, the Community Safety Partnership was presented with the Strategic Assessment 2014, which included public consultation findings from 2014/15 and made recommendations to the Partnership.

The recommendations took into account the original Community Safety Partnership Plan 2013-16 Priorities, areas where trends were going in the wrong direction, areas which the partner agencies had highlighted as being priorities for all the partnership and existing priorities external to the partnership i.e. Home Office, MOPAC and Community Plan as well as the public's perception/priorities.

There are some areas of work which are priorities for individual and/or several partner agencies which the Community Safety Partnership has also taken into account when agreeing its own priorities for the term of this plan. The priorities that have not been deemed a priority by/for the Partnership will continue to remain priorities for those individual agencies and their performance will continue to be monitored and managed by each respective agency.

## **Priorities for 2013 -2016**

The Partnership recognises that it has a responsibility to address all areas of crime, disorder, anti-social behaviour, substance misuse and re-offending as part of its core business. However, it also recognises that there are a few particular areas, which have a greater impact on the people of Tower Hamlets and their quality of life. For this reason, it has agreed that it will place an added focus on these areas and they will form the priorities during the term of this plan.

As part of the Community Safety Partnership's statutory duty to review its Plan on an annual basis, in March 2015 the CSP Co-chairs reviewed the current CSP Plan Priorities based on the findings of the 2014 Strategic Assessment and agreed that the following would be the priorities for the final year (2015/16) of this Plan's 3 year term:

- **Gangs and Serious Youth Violence**
- **Anti-Social Behaviour and Arson**
- **Drugs and Alcohol**
- **Violence (inc. Domestic Violence & Violence Against Women and Girls)**
- **Prostitution**
- **Hate Crime and Cohesion**
- **Killed or Seriously Injured**
- **Property / Serious Acquisitive Crime**
- **Public Confidence & Victim Satisfaction**
- **Reducing Re-offending**
- **MOPAC 7**

## Priority A:

### Gangs and Serious Youth Violence

#### Why is it a priority?

Tower Hamlets has one of the highest proportions of young people as a percentage of its population compared to other boroughs both in London and nationally. Whilst Tower Hamlets does not have a significant gang problem compared to other London Boroughs its prevalence is growing here, there are a small number of geographically based gangs in the borough, who sporadically come into conflict with each other. These gangs are responsible for a significant amount of the borough's youth crime and drug dealing. The effects that gangs and incidents of serious youth violence, although both uncommon, have on members' of the wider communities feeling of safety, especially other young people, makes this a priority for the Community Safety Partnership to address.

The borough saw a 27% reduction in the number of serious youth violence incidents and therefore victims for the period October 2011 – September 2012 when compared to the previous year. However, it is common to see increases and decreases, year on year as they can be skewed by unexpected events.

Young people aged 8 - 17, which form the Youth Offending Service's service users' age cohort, account for 10.4% of the Tower Hamlets population (27,280 residents<sup>[1]</sup>). This is above the proportion those aged 0 to 17 for Inner London which stands at 9.8% of the population, but below the figure for Greater London of 11%

This age group is projected to increase in size by 7.8% over the next 5 years<sup>[2]</sup> to reach 29,400 8 - 17 year olds by 2017. It is then projected to increase further over the following 5 years to reach 33,426 residents by 2022, which represents a 22.5% increase over the current 2012 number.

#### Responsible Board/CSP Sub-group:

Youth Offending Team Management Board  
Operational Gangs Partnership

#### What will we aim to achieve this year?

- Reduce the levels of ASB, Drugs, Homicide, Firearms discharges, Knife crime, and Serious Youth Violence
- Reduce First Time Entrants (FTE) to the youth justice system by early intervention
- Reduce the harm caused by street gangs across the borough
- Reduce re-offending
- Reduce the use of custody, especially remands into custody
- Focus activity towards offenders who present most risk and harm to the community

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<sup>[1]</sup> ONS 2011 Census

<sup>[2]</sup> GLA SHLAA population projections – 2012 Round



- Support interventions to prevent young people from becoming involved in gang crime, radicalisation and serious youth violence
- Improve the numbers of young offenders in Education, Training and Employment
- With partners, offer practical assistance to individuals wishing to stop their involvement in gang criminality
- Engage young people on the periphery of gangs in positive activities
- Deliver sturdy enforcement of the law against those who persist with gang criminality, ASB, drugs, knife crime and youth violence
- Make best use of all available Criminal Justice opportunities to prevent and disrupt gang criminality and bring offenders before the courts
- Train magistrates in the work we are doing in respect of gangs
- Ensure there is process for the community to provide information and we can demonstrate it has been acted upon
- Run a violent offender group-work programme via the Youth Offending Service
- Become actively involved in the Safe and Secure Project
- Work with Troubled Families, the Youth Service and Docklands Outreach to increase and improve our work with the Trauma unit ( A&E screening and outreach to young victims of violence) at The Royal London Hospital
- The hospital is reporting growing numbers of stabbing injuries and one wounding by gunshot. Between Jan-October 2014: 430 people were seen at the Royal London with serious stab wounds. In the last 10 days 19th-29th of June 2015 there was 22 serious assaults with knives and 1 gunshot wound. The ages range from 12-25. It is important to note that the majority of patients do not come from Tower Hamlets, with approximately 2 within the 10 days data that came from Tower Hamlets postcodes.

### **How will we measure success?**

- Number of Serious Youth Violence incidents
- Number of young people engaged with through the Police Gang Matrix
- Reduction in the number of First Time Entrants into the Criminal Justice System
- Number of young people from Police Gang Matrix:
  - Placed in Education, Training or Employment
  - Placed in suitable housing
- Re-offending Rates
- Police Public Attitude Survey
- Community Tension Reports
- Reducing Youth on Youth Violence through Rapid Response Team in identified Hotspot zones (identified by partners)
- YJB YOT rating reports (quarterly)
- Number of young people engaged via staff deployment in RLH A&E and Trauma ward.
- Number of young offenders given custodial sentences for SYV

## How will we do this?

### Youth Offending

- Identification and Priority Cohort – the key trigger for diversion and engagement targeted support and enforcement measures will be based on intelligence about young people shared between key partners and stakeholders.
- Support and enforcement to Young people (8-17 years) at risk of involvement in violent behaviour (including victims of SYV); those seeking a route out of violence and gang culture; and those being considered for enforcement measures due to refusing to exit violent lifestyles.
- Referrals will continue to come from schools to the Social Inclusion Panel and support will extend to siblings of the target cohort as well as children of adult offenders via the Youth Inclusion Support Programme. The Youth Offending Prevention Service will build on its existing referral mechanisms for parents and self-referrals.
- Referrals from Royal London Hospital A&E and Trauma wards
- We will also build on the Council's current arrangements for ASB enforcement measures and Gang Injunctions to ensure that young people have access to support services to prevent further escalation.
- Young people supported through diversion and engagement will be formally assessed using the Youth Justice Board's assessment framework. Assessments will aid the development of integrated action plans for each young person, determine and manage risks, taking into account safeguarding concerns.
- Interventions will be initiated via letter to both the young person and his/her guardian.
- Support available includes education, training, employment, accommodation (Police – Safe and Secure Initiative), substance misuse services, parental support, violent offenders/identity workshops, mentoring and positive activities, health and emotional wellbeing services and having a named key-worker.
- Early enforcement includes Behaviour Contracts (including exclusion zones and prohibitions), joint home visits and we would like to introduce the use of 'Buddi' monitoring tags.
- Civil enforcement including Gang Injunctions, Parenting Orders, Anti-Social Behaviour Orders and Individual Support Orders.

### Integrated Youth and Community Service

- The service will work in partnership with the police and respond to "Youth on Youth Violence" issues and engage them in to structured learning opportunities.

### Troubled Families Programme

- The Troubled Families Programme will enhance the work of the Police and Youth Offending Team to broaden the offer of support and therapeutic intervention to the families of young people whose lives are affected by gangs. Outcomes are linked to the PBR element of the troubled families programme and focus primarily on reducing offending, increasing educational attendance and achievement and in getting young adults and their parents either into work or on the way to work.

## Police

- The Police will use a range of activities in their approach to tackling Gangs and Serious Youth Violence. These will include activity analysis, weapons seizures, arrests, detections, search warrants, CHIS coverage and financial investigation and more frequent use of obtaining CBO (Criminal Behaviour Orders) and a more 'offender' approach.
- Produce Gang Related Intervention Profiles (GRIPs) on each individual which will include information on and from MATRIX analysis, reaching minimum threshold, intelligence coverage and whether they have been convicted in the past 6 months, charged in the past 3 months, under judicial restriction, named in proactive enquiry, a subject of financial investigation, engaging in a diversionary scheme and/or have no restrictions or current interventions in place.

## LSCB

LSCB to take forward actions identified in the Thematic Review – Older Children Who Have Caused Serious Harm or Come to Harm

### **What we will aim to achieve over the 3 years?**

Over the next 3 years we will:

- Aim to alter the public's perception and increase both confidence and satisfaction
- Increase the number of gang nominal's in custody by 20% of the 140 on the Matrix
- Increase the number of those exiting gang related offending
- Focus enforcement work on those who reject the offer of intervention
- Increase the use of the family intervention: proportion of gang nominals supported within a Family Intervention Project
- Increase the proportion of those supported into Education, Training and Employment
- Provide meaningful community engagement and full multi-agency collaboration and communication
- Through early intervention improve PRU and school truancy rates of those in the cohort
- Develop effective Accident & Emergency data sharing
- Provide enhanced offender management for gang members
- Maintain a fast response to critical incidents
- Develop shared ownership; strong leadership; information sharing; assessment and referral and targeted services
- To be able to identify what success is for key agencies, young people, families, government and for those involved in serious youth violence

## **Priority B:**

### **Anti-Social Behaviour and Arson**

#### **Why is it a priority?**

Anti-social behaviour (ASB) is both a National and Local priority. ASB can include behaviour such as noise, graffiti, abandoned cars and threatening behaviour which affects people's quality of life and can leave them feeling intimidated, angry or frightened. Tower Hamlets Community Safety Partnership works with all its partners to reduce levels of ASB so that residents and people, who work and visit the borough, maintain a good quality of life.

Arson for the purpose of this plan refers to deliberate fire setting in the borough and the majority of this is in relation to deliberate bin fires on our housing estates, which can cause a significant threat to life due to the risks of these fires spreading to residential properties.

#### **Responsible Board/CSP Sub-group:**

Tactical Tasking and Co-ordinating Group  
ASB Strategy Group

#### **What will we aim to achieve this year?**

- To better identify all incidents reported to partners in conjunction with Police data, to better identify all victims of ASB within the borough and provide a quality response to their needs.
- To reduce the number of callers who phone Police more than 10 times alleging anti-social behaviour issues
- To reduce the number of anti-social behaviour incidents recorded on the Police Computer Aided Despatch (CAD) system
- To reduce the number of anti-social behaviour incidents reported to Registered Social Landlords
- Reduce the number of incidents of Vandalism
- Reduce overall incidents of arson

#### **How will we measure success?**

- Number of calls to Police (101 or 999) for ASB\*\*
- RSL ASB (no. of ASB incidents reported) data
- Number of young people engaged by the Youth Inclusion and Support Programme
- Number of incidents of Criminal Damage
- Improved Public Confidence and Victim Satisfaction

\*\* Using Metropolitan Police definition of Anti-social behaviour

- Number of Arson incidents – All Deliberate Fires
- Number of Accidental Dwelling Fires
- Number of Primary Fires in Non-Domestic Buildings

### **How will we do this?**

- Regular meetings between Police, Fire Brigade, Council ASB and Integrated Youth & Community Service (especially Rapid Response Team) together with key partners (including Housing Providers) to prioritise identified problems and tasking of resources committed to the reduction of anti-social behaviour
- Better identification of ASB through enhanced information sharing, improved data collection, recording and analysis
- By ensuring all activity is recorded on relevant systems to monitor individual team performance
- By every cluster/ward team being measured as to their success and levels of intervention
- By better use and co-ordination of civil tools and legislative powers available to landlords to tackle ASB in neighbourhoods
- By more use of informal tools, such as agreements and undertakings available to landlords to prevent and tackle ASB such as ABCs (Anti-Social Behaviour Contracts)
- By RSLs exploring opportunities to work in partnership to prevent crime and anti-social behaviour in their neighbourhoods and utilise 'secure by design' principles
- By engaging young people into universal services in their locality
- By maximising young people's participation during school holiday periods through Integrated Youth and Community Services programmes/initiatives
- By appropriate tasking of Tower Hamlets Enforcement Officers (THEOs) in order to build on the successful enforcement and reassurance patrols to tackle ASB and other community concerns
- By developing the ASB Partnership Action Group to support vulnerable victims of ASB
- LFB will work closely with LBTH and housing providers to reduce levels of rubbish that become arson targets
- LFB will work with LBTH and housing providers to develop easier and clearer reporting methods for residents to report rubbish accumulation

### **What we will aim to achieve over the 3 years?**

- Through enhanced police and partnership activity we will seek a minimum 10% year on year reduction in the number of reported ASB
- We will identify ASB incidents initially reported as crime, ensuring ownership and commitment by their Neighbourhood Policing Team, so that all victims receive a quality service
- We will improve our standing from 2<sup>nd</sup> highest borough contributor of ASB in London to 5<sup>th</sup> highest or better
- Respond to new legislation and ensure any new powers for CSP agencies are utilised to prevent and respond to anti-social behaviour

- We will identify potential ASB perpetrators early, refer, develop a support/development plan and engage them onto positive activities through Targeted Youth Support Service
- Reduction in the Number of Incidents of Vandalism
- We will support vulnerable victims of ASB by working in partnership with key agencies

## **Priority C:**

### **Drugs and Alcohol**

#### **Why is it a priority?**

There is a clear link between dependent users of Class A Drugs (like heroin and crack cocaine) with burglary, robbery, theft from a person or vehicle (collectively known as Serious Acquisitive Crimes), fraud, shoplifting and prostitution, which they commit in order to fund the drug dependency.

The effects of alcohol on the body mean it is often more likely for the drinker to either be a victim or perpetrator of crime. Alcohol is often linked to both violence and anti-social behaviour. Its use is particularly linked to incidents of domestic abuse and violence.

Treatment for drug and alcohol users, particularly young people is important so that their health and well-being is safeguarded and they make a positive contribution to their local communities.

#### **Responsible Board/CSP Sub-group:**

Drug and Alcohol Action Team (DAAT) Management Board

#### **What will we aim to achieve this year?**

- Ensure school staff, pupils and parents receive substance misuse education
- Understand local trends in alcohol and drug consumption so that they inform the borough's Needs Assessment which in turn shapes service provision
- Report the number of young offenders screened and engaged by the YOT substance misuse worker
- Strengthen primary care responses to substance misuse
- Increase the number of alcohol screenings across the borough in primary care, hostel accommodation, police custody suites and hospitals, with referrals into treatment services
- Increase the number of drug users accessing targeted interventions who are identified via Police custody suite screening and widen the testing from Class A
- Increase the number of 18-24 year olds referred and engaging in treatment for drug and alcohol problems, including those at risk of harm from novel psychoactive substances
- Re-procure all drug / alcohol treatment services to deliver the innovative model of recovery support agreed in 2014/15.
- Combat sales to underage drinkers including proxy sales including using young offenders as part of community reparation
- Disrupt the supply of drugs, including harmful legal highs, through effective enforcement and legislation
- Develop and adopt a new Substance Misuse Strategy for 2016-2019

### **How will we measure success?**

- Number of users of opiates that left drug treatment successfully (free of drug(s) dependence) who do not then re-present to treatment again within 6 months, as a percentage of the total number of opiate users in treatment
- Number of alcohol users engaging in structured treatment
- Number of DIP clients engaging in structured treatment
- Number of young people entering structured drug / alcohol treatment
- Number of planned exits from alcohol treatment
- Number of 'Dealer a Day' arrests

### **How will we do this?**

- Provide training to schools, parents and peer educators on substance misuse education
- Introduce of quality and performance indicators linked to alcohol screening across St Bart's Health and borough hostels.
- Implement targeted interventions for 18-24 year olds and ensure adult treatment providers offer an appropriate approach for them.
- Conduct the defined procurement process to award contracts for new drug / alcohol treatment services
- Conduct underage alcohol sales operations which are supported by information and education for licensees on their legal obligations and follow up illegal sales with well-publicised prosecutions.
- Educate frontline professionals and residents about the harms and risks associated with the use of legal highs.
- Use all available legislation to limit the supply of harmful legal highs
- Continue to deliver the 'Dealer a Day' operation which aims to arrest a drug dealer every day of the year.

### **What we will aim to achieve over the 3 years?**

- Review provision and configuration of drug and alcohol treatment for adults; including a redesign of treatment provision; facilitate a widespread consultation and an equalities impact assessment



## **Priority D:**

### **Violence (inc. Domestic Violence and Violence Against Women & Girls)**

#### **Why is it a priority?**

Violent crime is defined by the Home Office as robbery, sexual offences and violence against a person (ranging from assault without injury to homicide). The number of incidences of Most Serious Violence (GBH and above) in the borough has shown a significant increase over the 12 months measured in the Strategic Assessment 2013, up by 48% (173 incidents).

The strategic assessment figures above show that the number of Domestic Violence with Injury Offences has increased over the last 2 years i.e. since the baseline year (Oct 11-Sept 12), it has increased by 34.9% (188 recorded incidents), however it has remained stable in the last year compared to the previous year. This increase in domestic violence offences being recorded by the Police could be attributable to an increase in incidents being recorded as crimes rather than “non-crime incidents”, although at present there is no data to support an increase in the proportion of incidents that are treated as crimes by the Police. It is hoped that the data is attributable to increased reporting rates, as so much of our partnership work is focussed on increasing confidence in reporting, to address the huge problem of underreporting of this type of crime.

Domestic violence affects both adults and children and has serious consequences for victims and witnesses. Evidence shows that domestic violence is experienced for a number of years, on average, before it is reported to the police for the first time.

Particular focus will be placed on Domestic Violence within this priority as well as all of the other strands of Violence Against Women and Girls (VAWG) contained within the borough’s VAWG Plan, namely:

- Rape and Sexual Violence
- Domestic Violence (DV)
- Trafficking
- Prostitution
- Sexual Exploitation (including Child Sexual Exploitation)
- Female Genital Mutilation (FGM)
- Forced Marriage (FM)
- So called Honour Based Violence (HBV)
- Dowry Related Abuse
- Harassment
- Stalking

Across the partnership we have agreed to adopt the cross-Government definition of domestic violence and abuse which reads: -

"Any incident or pattern of incidents of controlling, coercive or threatening behaviour, violence or abuse between those aged 16 or over who are or have been intimate partners or family members regardless of gender or sexuality."

This definition incorporates most of the VAWG strands and a wide range of abusive and controlling behaviours including physical, sexual, financial, emotional and psychological abuse, which contribute to the increase in violence across the borough. Whilst the cross-Government definition does only include those who are 16 or over, in Tower Hamlets our partnership work ensures that there is no age barrier to local partners working together to address domestic abuse, with local processes such as MARAC being inclusive of domestic violence cases at any age. The cross-cutting nature of the Violence Against Women and Girls agenda means that responsibility for tackling these issues falls across a wide range of different agencies. Co-ordinating service provision and ensuring clear governance and accountability for this agenda is therefore a key challenge and a priority for the borough.

### **Responsible Board/CSP Sub-group:**

Borough Crime Tasking Group  
Domestic Violence (DV) Forum  
Violence Against Women & Girls (VAWG) Steering Group

### **What will we aim to achieve this year?**

- A reduction in the volume of non-domestic violence recorded Violence with injury compared with 2012/13 performance
- An increase in the proportion of domestic incidents that are recorded as crimes versus non-crime incidents by the Police.
- Improved sanctioned Detection rates for violence with injury (domestic and non-domestic) i.e. offences brought to justice.
- Increase in the reporting of domestic abuse and sexual violence to the Police
- Developing partnership work across the borough to ensure that Safeguarding Policies are adhered to by all agencies
- Increase in third party reports and an increase in the number of third party reporting sites that are operational.
- Further development of the DV One Stop Service in its new location and with its expanded remit across all the VAWG strands.
- Increase the number of DV perpetrators being referred to and accessing perpetrator programmes within the borough
- Run a violent offender group-work programme in the Youth Offending Team including an offensive weapon and joint enterprise session.
- Reduce the number of incidents of Violence with Injury
- Increased numbers of Tower Hamlets service users accessing the Haven, the Independent Sexual Violence Adviser (ISVA) and East London Rape Crisis (ELRC)
- Increased numbers of female genital mutilation (FGM) cases identified
- Increased numbers of victims of trafficking or sexual exploitation identified and supported through specialist services.

## **How will we measure success?**

- Number of Most Serious Violence offences per 1000 of the population
- Number of Gun Crimes
- Number of Knife Crimes
- Number of incidents of Violence with injury
- Number of Domestic Violence with Injury offences recorded by the Police
- Number of incidents of non-Domestic Violence with Injury
- Number of DV Murders recorded by the Police
- Number of Domestic Violence Offences recorded by the Police
- Number of Domestic incidents (non-crimes) recorded by the Police
- Percentage of total domestic reports to the Police that are recorded as offences versus percentage recorded as non-crime incidents
- Domestic Violence Sanction Detection (SD) Rate
- Domestic Offence Arrest Rate
- Number of Rapes
- Rape Sanction Detection (SD) Rate
- Number of other Serious Sexual Offences
- Other Serious Sexual Offences Sanction Detection (SD) Rate
- Number of young people reported as missing from care or at risk of sexual exploitation, to Children's Services
- Number of cases referred to the MASE
- Number of service users presenting to sexual violence services in the borough
- Numbers referred to the MARAC
- Numbers of repeat referrals to the MARAC
- Number of women referred to the Prostitution MARAC
- Number of women re-referred to the Prostitution MARAC
- Number of women receiving de-infibulation services (for FGM) at Mile End Hospital
- Number of women who have undergone FGM reported to midwifery/sexual health services
- Numbers of people reporting HBV or FM (police and other partner data)
- Number of successful diversion from court outcomes for offences related to prostitution
- Number of test on arrest for drugs and alcohol when arrested for prostitution related offences
- Number of CRIS reports with flags for stalking or harassment
- Number of women and girls reported to the national referral mechanism for trafficking

## **How will we do this?**

- The Council will continue to develop partnership working with the Police, Health and the Voluntary Sector, to increase the reporting of domestic abuse and provide more reporting centres.
- The Police will work to the 'action plans' for Violence with Injury and Domestic Violence which are designed to drive forward performance.
- The Council Domestic Violence and Hate Crime team will drive the Domestic Violence Forum and its action plan, developing and coordinating services and undertaking training and awareness raising activities.

- The Violence Against Women and Girls (VAWG) Strategy Manager will deliver against the VAWG Action Plan, ensuring that specific partnership activity takes places against each of the VAWG strands above, coordinating services across the borough and coordinating training and awareness raising activities on VAWG issues.
- Development of services to tackle VAWG and support victims, including specific case management services.

### Role of the Domestic Violence and Hate Crime Team in relation to Domestic Violence and VAWG

- Running the Domestic Violence Forum, VAWG Steering Group and VAWG e-forum.
- Managing the Victim Support contract for Independent Domestic Violence Advisers and Violent Crime Caseworkers
- Co-ordinating The Tower Hamlets Multi Agency Risk Assessment Conference (MARAC): attended by key officers from the Police, Council and a range of other agencies. The MARAC meets fortnightly to share information and identify safety planning actions for agencies in high risk cases.
- Oversight, through the VAWG Steering Group of the prostitution work managed by the DIP, including the Police Vice Team, Open Doors Service and Tower Hamlets' Prostitution Partnership (THPP) meetings: interagency case meetings regarding sex workers
- Through the VAWG Steering Group, develop and oversee services to respond to all strands of VAWG
- Running the VAWG Champions Programme
- Running the Sanctuary Scheme to provide physical security measures in victim's homes.
- Servicing the Domestic Violence duty line providing advice and guidance to professionals and members of the public
- Receive and record DV1 referrals (inter-agency referral form) and maintain records of these through the borough's DV database
- Coordinate and support the Partnership DV One Stop Shop
- Hold DV Drop in surgeries including at the Barkantine and Homeless Person's Unit
- Coordinate the Specialist Domestic Violence Court for Tower Hamlets and Hackney
- Raise awareness and promote reporting amongst professionals and the public, in particular by providing training
- Coordinate and support the multi-agency forum on FGM
- Work with school staff, governors and parents, to enable young people to increase their awareness of VAWG and recognise when they are at risk
- Support agencies to identify and support people that are at risk of VAWG.

### **What we will aim to achieve over the 3 years?**

- The Police will continue to work towards the MOPAC directive to achieve a 20% reduction in 'key crime' (Including Violence with Injury) by the end of 2015/16 performance year. The contribution to this performance through 2013/14 will be a 5% Reduction in Violent Crime married with a 34% detection rate against the 2012/13 performance year. A focus on Violence with Injury offences and building on the

success of Op Equinox the MPS Corporate Operation in the reduction of Violence with Injury (non DA).

- Reduce the length of time that individuals experience domestic abuse for before they report it.
- Increase awareness of domestic abuse and violence and increase reporting of domestic abuse to the Police.
- Increase awareness of all forms of VAWG and increase reporting to Police and other agencies
- Increase consistency of approach to addressing issues of domestic abuse across agencies, in particular by increasing the amount of training provided to professionals in front line services,.
- Increase referrals to the MARAC and THPP, with a particular focus on all strands of VAWG.
- Develop specialist services for victims/ survivors of each VAWG strand.
- Develop educational and training resources for professionals and schools on how to appropriately respond on cases of VAWG.
- Increase the safety and health of street based sex workers and reduce associated ASB.

## **Priority E**

### **Prostitution**

#### **Why is it a priority?**

Prostitution in the borough is a new standalone priority to the CSP as of April 2015, formerly covered by Violence Against Women and Girls and Anti-Social Behaviour. The CSP has taken the decision to separate this out of both existing priorities to ensure that the impact that Prostitution has on both those involved and the surrounding neighbourhoods is recognised and addressed as a priority.

Women who sex work often experience complex needs for support for drug and alcohol misuse as well as underlying health and wellbeing issues which need to be addressed to enable their safe exit.

For those in the neighbouring community affected by prostitution (whether street-based or off street locations including brothels), it is often seen as anti-social behaviour which is having a detrimental impact of their quality of life, either from witnessing the act or the waste products left afterwards, to harassment alarm and distress both the prostitute and those involved in prostitution cause.

Work carried out by the CSP to address prostitution and its causes will have a positive impact on the performance against other interrelated CSP Priorities of Anti-Social Behaviour, Drugs and Alcohol and Violence Against Women and Girls.

#### **Responsible Board/CSP Sub-group:**

Violence Against Women and Girls (VAWG) Steering Group

#### **What will we aim to achieve this year?**

- Development of multi-agency coordination and accountability for prostitution
- Women with 'red flag' indicators are supported to reduce their risk through an holistic support package provided by a dedicated case management service
- Women engaged in prostitution are offered holistic support across health, housing, education and criminal justice
- Agencies across Tower Hamlets feel supported to support women engaged in prostitution
- Residents are engaged in partnership work to reduce prostitution related ASB
- Men who buy sex are targeted with police actions including letters deterring them from Tower Hamlets

### **How will we measure success?**

- Number of women referred to the Prostitution MARAC
- Number of women re-referred to the Prostitution MARAC

### **How will we do this?**

- Support organisations to increase their referrals to the MARAC, with a focus on 'high-risk' groups such as sex workers, those who are dependent on alcohol or drugs, carers and young people.
- Increase safety and health of street based sex workers as well as reducing associated ASB.
- Meaningful consultation with residents, especially those from 'hotspot' areas for prostitution

### **What we will aim to achieve over the 3 years?**

Not applicable due to this only being made a priority for the final year of this CSP Plan term 2015/16.

## **Priority F:**

### **Hate Crime and Cohesion**

#### **Why is it a priority?**

The Tower Hamlets Community Plan aims to make the borough a better place for everyone who lives and works here. The Borough's diversity is one of its greatest strengths with the richness, vibrancy and energy that our communities bring. As a partnership we are committed to build One Tower Hamlets, to tackle inequality, strengthen cohesion and build both community leadership and personal responsibility. Preventing extremism and people becoming involved in it, is fundamental to achieving One Tower Hamlets. Our partnership approach has developed over the past five years and enabled us to tackle complex and contentious issues during that time.

The borough is a diverse and tolerant place, where the vast majority of people treat each other with dignity and respect. Unfortunately there is a small minority of people who don't hold those same values and perpetuate hate. Hate crimes are committed on the grounds of prejudice against people who are different than the perpetrator in some way.

#### **Responsible Board/CSP Sub-group:**

No Place For Hate Forum (NPFHF)  
Tension Monitoring Group (TMG)  
Prevent Board

#### **What will we aim to achieve this year?**

##### No Place For Hate Forum (NPFHF)

The NPFHF is a partnership of statutory, voluntary and community organisations that join together in a zero tolerance approach to all forms of hate. We know that for some people difference is a frightening thing. In difference, they see a threat and that is when prejudice takes hold. Sometimes prejudice results in the abuse and violence that undermines the borough's proud tradition of diversity and tolerance.

The experience of prejudice and hate isn't limited to one particular group. Hate crimes are committed against people of different:

- races,
- faiths/beliefs,
- sexual orientations,
- gender identities,
- Genders
- Ages
- Disabilities
- And other actual or perceived differences.

We refer to these as the strands of hate crime.



In 2015/16 we aim to: -

- Increase the reporting to the Police of hate crimes and incidents across all strands, by building community confidence.
- Increase professional and community awareness of hate and its impact, through a wide range of education and awareness raising activities including targeted activity for each of the strands of hate.
- Deliver a range of initiatives at different points throughout the year that contribute to making the borough proud and tolerant of its diversity.

### Tension Monitoring Group (TMG)

The TMG is acts as a network of key individuals who represent statutory, voluntary and community organisations in Tower Hamlets who respond in real time to critical incidents, to provide an effective emergency response.

In 2015/16 we aim to:

- Review the membership of the group in order to cover gaps and strengthen its impact in protecting local communities.
- Continue to respond to cohesion related issues in the borough in real time.
- Undertake meetings and events to consider specific threats to cohesion, in order to both increase our knowledge and identify how the borough can respond to reduce specific threats.
- Undertake research on specific threats and how they impact upon the local community.

### Prevent Board

- Deliver the Building Community Resilience project, engaging young people in the borough in workshops to build their resilience to extremism
- Deliver a project to provide mosques and madrassas with continuing professional development to build the knowledge and skills of staff in relation to the safeguarding agenda

### **How will we measure success?**

- Number of Hate Crimes recorded by the Police (overall and broken down into each strand of hate)
- Hate crime sanctioned detection (SD) rate (overall and broken down into each of the strands of hate)
- % of hate crime cases coming to the Hate Incidents Panel where enforcement action is taken against the perpetrator
- Number of “Racist and Religious” Offences recorded by the Police
- “Racist and Religious” SD Rate
- Number of Anti-Semitic Offences recorded by the Police
- Anti-Semitic SD rate

- Number of Islamophobic Offences recorded by the Police
- Islamophobic SD rate
- Number of hate crime cases where victims are supported by Victim Support
- % of people who believe people from different backgrounds get on well together in their local area (Annual Residents Survey)

## **How will we do this?**

### No Place For Hate Forum

- The Hate Incident Panel (HIP) consists of key agencies who can respond to cases of hate crime. Agencies who are members include the Council's Domestic Violence and Hate Crime Team, Police, LBTH Legal Services, Housing Associations, Victim Support and LBTH Youth Services. The HIP will meet regularly to assign and review effective actions, share information and swiftly manage responses to high risk hate crimes and incidents. It will ensure that the cases it considers receive a co-ordinated and structured response, and that offenders are held accountable for their actions. The HIP will increase the percentage of hate crime cases reviewed at the Panel, where enforcement action is taken. Enforcement action could be action against a tenancy such as eviction, legal action such as an injunction, criminal justice action such as arresting/charging/prosecuting or civil enforcement such as the range of powers available to THEOs and ASB Case Investigators.
- Advice and guidance will be provided by the LBTH Domestic Violence and Hate Crime Team to a range of agencies, particularly Registered Social Landlords (RSLs), with the intention to bring about a more coordinated and consistent response to hate crimes and incidents. Through this work, we will increase the number of cases referred to the HIP by RSLs.
- The Police, supported by other partners will work to increase the Sanctioned Detection (SD) Rate for hate crime across all strands.
- We will promote the message that we will not tolerate hate, in particular to offenders, by taking enforcement action and promoting the actions that have been taken.

### Tension Monitoring Group (TMG)

- The TMG will continue to meet quarterly with emergency meetings taking place if and when needed to discuss imminent threats to cohesion. The group will also review its membership to ensure that all sections of the community are being engaged and are part of the discussion on cohesion related issues.

### Prevent Board

- The Prevent Board will continue to meet every quarter. In addition to this we also support a fortnightly operations group for dedicated Prevent professionals in relevant services to engage with each other in relation to the Prevent agenda.

## **What we will aim to achieve over the 3 years?**

### No Place For Hate Forum

- We will maintain and further develop the Third Party Reporting Project, by recruiting new significant sites with established links and trust within their community to become Third Party Reporting (TPR) Centres. We will target new TPR locations in order to maximise reports from each strands of hate. We will provide training and support to new and existing centres, including a TPR Steering Group. We will publicise the locations and contact details of TPR centres widely.
- In 2015/16 we aim to significantly increase reports via the Third Party Reporting Centres. By the end of the 3 years we aim to receive at least 100 third party reports of hate crime per year.
- No Place For Hate Campaign – we will continue the campaign which promotes an established clear message to the community. The campaign will be used to link to and support national and international campaigns as well as local events, highlighting clearly that the borough will not tolerate hate in any form in our diverse and cohesive borough, that is 'One Tower Hamlets'.
- The Forum will continue to promote the No Place for Hate Pledge, including at having stalls or other presence at events in the community, and through workshops and training. It will encourage as many individuals and organisations as possible to make a pledge against hate.
- The Forum aspires to increase the sign up of individuals and organisations to the pledge by at least an additional 100 per year.

### Tension Monitoring Group (TMG)

- Maintain its role in monitoring local tensions and responding to threats to cohesion that may arise
- Aims to ensure that we continue to increase, on an annual basis, the percentage of people who believe people from different backgrounds get on well together in their local area, as measured by the Annual Residents Survey.
- Tackle and counter negative media messages about the borough in relation to cohesion and tension related issues.

### Prevent Board

- Targeting social, peer and educational support, advice and safeguarding activity to individuals identified as at risk of involvement in extremist activity
- Strengthening community leadership to enable key individuals and organisations to challenge/disrupt extremist ideology

## **Priority G:**

### **Killed or Seriously Injured**

#### **Why is it a priority?**

Road safety is an issue that affects not only everyone in London, but nationally and globally. We all need to use roads to get around – to school, to work, to the doctor, to the shops, to the cinema etc. Most of us use the roads every day, as drivers, passengers, cyclists and pedestrians, and for many people driving is the main part of their job.

TfL's annual health, safety and environment report reveals that 3,018 people were killed or seriously injured across Greater London in 2012, up from 2,805 in 2011, of that fatalities were down from 159 to 134 and included 69 pedestrians, 27 motorbike/scooter riders and 14 cyclists, down two on 2011. The cost to the community of the road collisions in 2012 was an extraordinary £2.26 billion.

This increase in recent years along with media attention, has led to increased concern around road safety across London. Recent cycling fatalities in Tower Hamlets in and around busy arterial roads has increased local concerns and is a major factor for this being made a priority for the Partnership.

#### **Responsible Board/CSP Subgroup:**

Killed or Seriously Injured (KSI) Board

#### **What will we aim to achieve this year?**

- Deliver road safety education programmes in schools, colleges and community groups in the borough
- Focus campaigns on discouraging drink driving and using mobile phones
- Focused enforcement around travelling public in respect to road signage such as traffic lights/cycle boxes.

#### **How will we measure success?**

- Number of recorded Killed or Seriously Injured incidents on CRIS

#### **How will we do this?**

- By engaging young people in schools/colleges/universities on road safety
- By provision of information and road safety equipment
- Better identification of road safety issue hotspots through enhanced information sharing, improved data collection, recording and analysis

- Regular meetings between Police, Fire Brigade, Council, TFL, London Ambulance Service (LAS) and key partners (including local transport groups), to prioritise identified problems and task resources committed to the reduction of KSI
- Identify road layout issues and set in place environmental changes to reduce risk

**What will we aim to do over the 3 years?**

Through enhanced Police and partnership activity, we will seek a minimum 20% reduction in line with the MOPAC Police and Crime Plan 2013-17.

## **Priority H:**

### **Property / Serious Acquisitive Crime**

#### **Why is it a priority?**

An acquisitive crime is one where the victim is permanently deprived of something that belongs to them by another person/s. Serious acquisitive crimes are the most harmful which include burglary, robbery and vehicle crime.

Acquisitive crimes have a high impact on the community's feeling of safety and dealing with acquisitive crime quickly, has the biggest impact on levels of public confidence and fear of crime.

While community safety agencies have a responsibility to prevent, investigate and bring offenders to justice for acquisitive crimes, the community also have a responsibility to take reasonable steps to safeguard their property and prevent crime from happening in the first place. Following crime prevention advice and participating in Neighbourhood Watch Schemes will be crucial in helping us to reduce this type of crime.

#### **Responsible Board/CSP Subgroup:**

Tactical Tasking and Co-ordinating Group (TTCG)

#### **What will we aim to achieve this year?**

Integrated offender management and targeted work around prolific and priority offenders is key to reducing these types of crimes. Working in partnership, agencies such as the Police, Probation, drug treatment services and the Council can manage these offenders by providing a range of interventions from treatment and support which seek to address the causes, to criminal justice interventions such as the courts.

Our work in this area focuses on residential burglary, robbery and motor vehicle crime. It utilises an intelligence and evidence based approach to target activity in areas where it will make the most difference, such as around markets and transport hubs. Around transport hubs it will require partnership officers to work closely with Police Safer Transport Teams, Transport For London and the British Transport Police, to ensure people are safe on journeys in Tower Hamlets.

#### **How will we measure success?**

- Number of Personal Robberies
- Number of Commercial Robberies
- Total Robbery numbers
- Number of Residential Burglaries
- Number of thefts of Motor Vehicles

- Number of thefts From Motor Vehicles
- Number of theft of pedal cycle

### **How will we do this?**

#### Personal Robberies:

- Areas of high risk need to be identified through the BCTG process and staff allocated as required, a conscious decision needs to be made between the Local Authority and Police as to where their limited resources are best deployed at any given time.
- Additional support and training needs to be given to Teachers and those that have the closest interactions with youth in order to educate them in relation to their own safety, much more work needs to be done to educate members of the public in particular when exiting from transports hubs to be more aware of their property. This will need to be a joint venture between BTP, Metropolitan Police and the Council.

#### Residential Burglaries:

- Landlords, Local Authority and Police need to work closer together in order to ensure that many areas are not attractive to Burglars. We know that from speaking to offenders that they will look for the easiest option to break into someone's home, they will seek areas where they can be hidden from view and not disturbed.
- Common themes arise time and again in offences of which many can be addressed, windows left open in the summer, residents letting strangers into multi occupancy buildings without properly identifying them, poor door security, broken doors, property left in communal areas, double locks not utilised.
- The agencies need to work together to have a broad educational product developed that can be distributed to all residents within Tower Hamlets.

#### Non Residential Burglaries:

- Partnership working in place with Queen Elizabeth University - due to increased thefts from Halls of Residence. We have engaged in crime prevention work and have held crime prevention stalls within the university. Engagement with the university will continue.
- Working with schools officers, to engage with schools around crime prevention tactics. We are seeing an increase of thefts of rugs/carpets.
- Partnership working with business communities to reduce the amount of thefts from business premises. Currently working with City and Hackney Business community providing crime prevention advice. Currently looking at 'key fob entry' to premises. With all the above we are working with the Designing out crime team to increase our range of tactics.

### Theft of Motor Vehicles:

- Increased education of owners in particular of Motor Cycles/ Mopeds to ensure increased security of these easily taken items
- Signage placed in areas of high crime not to increase the fear of crime but to assist in the education of individuals regarding the areas in which they are leaving their motor vehicles
- Publicity where early identification is made to a specific type of vehicle being targeted.

### Theft from Motor Vehicles:

- Increased education of owners, in particular of non-residents parking areas they are unfamiliar with, to ensure increased security of these easily taken items.
- Signage placed in areas of high crime not to increase the fear of crime, but to assist in the education of individuals regarding the areas in which they are leaving their motor vehicles.
- Further education required deterring drivers from leaving valuables on display in their vehicles.

### Theft of Pedal Cycles:

- Increased education of owners of pedal cycles to ensure increased security of these easily taken items
- Encourage bicycle owners to mark and register their bicycles on approved national property registers, to enable the recovery and return of stolen bicycles/parts to owners and prove that goods are stolen when seized, thus enabling prosecution of perpetrators.
- Signage placed in areas of high crime not to increase the fear of crime but to assist in the education of individuals regarding the areas in which they are leaving their pedal cycles
- Continued cross partnership operations aimed at tackling to sale of stolen bicycles and stolen bicycle parts in our borough markets

### **What will we aim to do over the 3 years?**

Reduce MOPAC 7 crimes (including burglary, robbery and theft of/from motor vehicles) in total by 20%



## **Cross-Cutting Priorities**

When the Strategic Assessment and Public Consultation findings were presented to the Community Safety Partnership, they recognised that there were a number of areas of work that cut across other priority areas. Action taken to address the stand-alone priorities would be impacted by and impact upon these cross-cutting areas. For this reason the Community Safety Partnership agreed that this Plan would also contain the following cross-cutting priorities:

**Public Confidence & Victim Satisfaction**

**Reducing Re-offending**

**MOPAC 7**

## **Cross-Cutting Priority 1:**

### **Public Confidence & Victim Satisfaction**

#### **Why is it a priority?**

Public Confidence is a Government priority and a measurement of the level of Confidence in Policing and the wider partnership. Reducing the community's fear of crime is therefore a priority as how we deal with crime, disorder and anti-social behaviour impacts on the community's well-being, confidence to report incidents and support of future investigations and prosecutions.

The perception of, and fear of both crime and ASB directly impacts on public confidence. Being a victim of or knowing a victim of a Serious Acquisitive Crime (robbery, burglary, car crime and theft), has a particular impact on public confidence and can generate negative perceptions of both agencies and particular geographical areas or estates in the borough.

#### **Responsible Board/CSP Sub-group:**

Confidence and Satisfaction Board

#### **What will we aim to achieve this year?**

- Ensure that residents and people who work in or visit the borough, have a realistic understanding of the levels of crime and disorder within the borough, so that their fear does not become disproportionate
- Encourage people to take reasonable steps to protect themselves, their neighbours and their property
- Ensure that people continue to report crime, disorder and anti-social behaviour to the relevant agencies and that they are confident their issues will be dealt with
- Reduce the level of reported ASB and Crime, including Serious Acquisitive Crime, which are known drivers of public confidence
- Improve the public's perception of police by 20% and improve satisfaction with the policing service provided

#### **How will we measure success?**

- % of residents who feel the Police deal effectively with local concerns about anti-social behaviour and crime
- Perceptions of Crime and ASB as measured by MPS and Council data reduced based on 2012/13 end of year performance data.
  - Local concern about ASB and Crime a) Drunk and rowdy behaviour in a public place
  - Local concern about ASB and Crime b) Vandalism and Graffiti
  - Local concern about ASB and Crime c) Drug use or drug dealing as a problem

- Local council and police are dealing effectively with local concerns about anti-social behaviour and crime
- Year on year improvement in published performance data relating to Confidence and Satisfaction measures
- Number of Property Crimes:
  - Number of Personal Robberies
  - Number of Residential Burglaries
  - Number of Thefts From Motor Vehicles
  - Number of Thefts of Motor Vehicles
  - Number of Thefts From a Person
- Number of incidents of Criminal Damage

### **How will we do this?**

- Continue and improve partnership working to provide a quality response to all victim needs and identified crime trends.
- Respond to every victim's call for help by responding in a timely fashion while delivering a quality service.
- Contact every victim of ASB to establish how we can support them better, to improve theirs and their community's quality of life.
- Contact a range of victims of crime to identify the level of service delivered and identify opportunities to improve service delivery.
- Restructure local policing by moving detectives into front line policing, so we improve primary investigation of reported crime.
  - Reduce the Number of Personal Robberies
  - Reduce the Number of Residential Burglaries
  - Reduce the Number of Thefts From Motor Vehicles
  - Reduce the Number of Thefts of Motor Vehicles
  - Reduce the Number of Thefts From a Person
  - Reduce the number of incidents of Criminal Damage

### **What we will aim to achieve over the 3 years?**

- 20% Increase in Public Confidence
- Reduce the Volume of Reported Crime and ASB each year from a baseline measured on 2012/13 financial year.
- Improve our Confidence and Satisfaction Performance data by 2 percentage points per year based on 2012/13 financial year.
- Through better contact with victims, we will improve victim care and increase our Public Confidence and Satisfaction performance that will contribute together with other activity to show Tower Hamlets as the 'best in class' within inner London.
- 20% total reduction in Property Crime and MOPAC's 'key crimes' as a group:
  - Reduction in the Number of Personal Robberies
  - Reduction in the Number of Residential Burglaries
  - Reduction in the Number of Thefts From Motor Vehicles
  - Reduction in the Number of Thefts of Motor Vehicles
  - Reduction in the Number of Thefts From a Person
  - Reduction in the Number of incidents of Criminal Damage

## **Cross-Cutting Priority 2:**

### **Reducing Re-offending**

#### **Why is it a priority?**

Partners in Tower Hamlets are committed to working together to reduce crime and disorder, and tackling deprivation, worklessness and social exclusion. We know that 50% of all crime is committed by people who have already been through the criminal justice system – re-conviction rates for some offenders can reach over 70%.

In Tower Hamlets, like most boroughs there are a relatively small number of people who carry out the majority of criminal acts. By targeting resources at these prolific offenders, to improve the level of support provided for those who wish to change their lives in a positive way and fast-tracking the prosecution process for those who refuse to change, we aim to reduce the number of prolific offenders in the borough and make it a safer environment for everyone.

By reducing the number of prolific offenders in the borough, we will directly impact the levels of crime and anti-social behaviour which will particularly lead to a reduction in Serious Acquisitive Crime (Personal Robbery, Residential Burglary, Theft from Motor Vehicle, Theft of Motor Vehicle and Theft from a Person).

Recent NHS data analysis available on violent incidents to inform intervention and prevention of re-offending shows:-

#### 1) Admissions for stabbings

Data reports on admissions to acute hospitals for Tower Hamlets residents for stabbings and compares admissions to those from Newham and Hackney shows that:

- Tower Hamlets has twice number of admission compared to Newham and almost three times number of admissions compared to Hackney
- A year on year variation but the number of admissions went down in 2013/14 and then almost tripled in 2014/15 compared to previous year in Tower Hamlets; this pattern was not shown in the neighbouring boroughs
- The vast majority of TH residents who are stabbed attend the Royal London Hospital

#### 2) Admissions for assault

This data reports on admissions to acute hospitals for Tower Hamlets residents for assault and compares admission to those from Newham and Hackney shows that:

- Tower Hamlets residents had a higher number of admission in 2014/15 than the other boroughs
- Whilst there has been a decrease in the number of admissions in the other boroughs from 2012/13 to 2014/15 this is not the case in TH, with 2014/15 in TH having the highest number of admissions of the three year period.

## **Responsible Board/CSP Sub-group:**

Reducing Re-offending Board (RRB)  
Youth Offending Team (YOT) Management Board

## **What will we aim to achieve this year?**

- Develop our joint understanding and commitment to Integrated Offender Management and review our Reducing Reoffending Strategy
- Reduce the level of recorded crime within the borough
- Reduce the Number of Personal Robberies
- Reduce the Number of Residential Burglaries
- Reduce the Number of Thefts From Motor Vehicles
- Reduce the Number of Thefts of Motor Vehicles
- Reduce the Number of Thefts From a Person
- Reduce the Number of incidents of Violence with Injury
- Reduce the Number of incidents of Criminal Damage
- Reduce the number of first time offenders entering the criminal justice system
- Reduce the re-offending rate of Prolific offenders
- Reduce the re-offending of young people leaving custody
- Engage more closely with and support identified criminals to encourage them to desist from their criminal lifestyle
- Provide targeted treatment and support for identified offenders, i.e. housing, benefits and treatment

## **How will we measure success?**

- Number of Youths not entering Criminal Justice System through YOS EIP
- Proven reduced re-offending by offenders supported by Youth Offending Service
- Number of Offenders being supported by key agencies to help them disengage from criminal lifestyle
- Number of Priority Prolific Offenders engaging with the PPO Scheme who no longer have criminal offences recorded against them
- Number of Offenders under Probation supervision, living in settled and suitable accommodation at the end of their order/licence.
- Number of Offenders under Probation supervision in employment at the end of their order/licence
- Adult re-offending rates for those under Probation supervision
- Percentage of offenders under Probation supervision living in settled and suitable accommodation at the end of their order or license
- Percentage of offenders under Probation supervision in employment at the end of their order or license
- Number of Personal Robberies
- Number of Residential Burglaries
- Number of Thefts From Motor Vehicles
- Number of Thefts of Motor Vehicles
- Number of Thefts From a Person

- Number of incidents of Criminal Damage
- Number of young people leaving custody who go on to re-offend

### **How will we do this?**

- Better identify youths who are suitable for non-Criminal Justice outcomes by improved triage processes and introduce conditional cautioning as a disposal option.
- Improve drug testing activity in Police custody, to identify potential offenders and provide support / treatment
- Improve partnership engagement to better identify third sector agencies that can support identified offenders who require help to escape their life of crime.
- Secure increased funding and resources aimed at offenders in the community to reduce/cease re-offending
- Enhance our daily contact with named individuals through the Integrated Offender Management Team (Police, Probation and Drug Intervention Project), to ensure their on-going commitment to a non-criminal lifestyle
- Use of the YJB Re-offending toolkit which enables management to target resources to those groups committing the most re-offending, using live data.

### **What we will aim to achieve over the 3 years?**

- Increase the level of engagement (through IOM Board) provided by partner agencies and Third sector, to help identified individuals escape their criminal lifestyle
- Identify the number of offenders entering custody who have a drug habit, through targeted drug testing and providing appropriate support mechanisms and referrals
- Reduce the number of Youths entering the Criminal Justice System by providing alternative disposal options (CJB Data)
- Reduce the number of Adult Prolific and Priority Offenders (PPO) who commit crime, aiming at a 10% reduction each year from the 2012/13 baseline
- Show reduction in recorded crime for identified / supported offenders
- 20% reduction in MOPAC's 'key crimes' including Property Crime, as identified in the London Crime Reduction Plan:
  - Robbery
  - Residential Burglary
  - Theft from Motor Vehicles
  - Theft of Motor Vehicles
  - Theft from a Person
  - Violence with Injury
  - Incidents of Criminal Damage
  - Re-offending of young people leaving custody

## **Cross-Cutting Priority 3**

### **MOPAC 7**

#### **Why is it a Priority?**

The Mayor's Office for Policing and Crime (MOPAC) under their remit as Police and Crime Commissioner for London have produced their 3 year Police and Crime Plan. Within their plan are 7 reduction targets relating to key neighbourhood crimes, which in total MOPAC have set a target for the Metropolitan Police Service to reduce by 20% by the end of March 2016.

Using the financial year of 2011/12 as a baseline, each London Borough Police have been set individual targets against each of the 7 key crimes to obtain an overall 20% reduction. These individual reduction targets have been reviewed and set annually based on each financial year's performance during the 3 year term of the Police and Crime Plan.

Tower Hamlets Community Safety Partnership Plan is aligned to the London Police and Crime Plan both in terms of MOPAC 7 priorities and length of term.

#### **Responsible Board/CSP Sub-group:**

Tactical Tasking and Co-ordinating Group (TTCG)

#### **What will we aim to achieve this year?**

- Reduction in the total number of MOPAC 7 basket offences/crimes
- 8% reduction in the total number of Burglaries
- 3% reduction in Criminal Damage
- 8% reduction in Robbery
- 5% reduction in Theft from Motor Vehicle
- 6% reduction in Theft/Taking of Motor Vehicle
- 11% reduction in Theft from Person
- 10% reduction in Violence with Injury

#### **How will we measure success?**

- Number of MOPAC 7 basket offences/crimes
- Number of Burglaries
- Number of incidents of Criminal Damage
- Number of Robberies
- Number of Thefts from Motor Vehicles
- Number of Theft/Taking of Motor Vehicles
- Number of Thefts from Person
- Number of incidents of Violence with Injury

## How will we do this?

### Violence with Injury

- Identification and Priority Cohort – the key trigger for diversion and engagement targeted support and enforcement measures will be based on intelligence about young people shared between key partners and stakeholders
- Young people (8-17 years) at risk of involvement in violent behaviour (including victims of Serious Youth Violence); those seeking a route out of violence and gang culture; and those being considered for enforcement measures due to refusing to exit violent lifestyles
- Referrals will continue to come from schools to the Social Inclusion Panel and support will extend to siblings of the target cohort as well as children of adult offenders via the Youth Inclusion Support Programme. The Youth Offending Prevention Service will build on its existing referral mechanisms for parents and self-referrals.
- Referrals from Royal London Hospital A&E and Trauma Wards
- We will also build on the Council's current arrangements for ASB enforcement measures and Gang Injunctions to ensure that young people have access to support services to prevent further escalation
- Support available includes education, training, employment, accommodation (Police – Safe and Secure Initiative), substance misuse services, parental support, violent offenders/identity workshops, mentoring and positive activities, health and emotional wellbeing services and having a named key-worker
- Early enforcement includes behaviour contracts (including exclusion zones and prohibitions), joint home visits and 'Buddi' monitoring tags.
- Civil enforcement includes Gang Injunctions, Parenting Orders, Civil Injunctions and Individual Support Orders
- The Integrated Youth and Community Service will work in partnership with the Police and respond to 'Youth on Youth Violence' issues and engage them into structured learning opportunities
- The Police will use a range of activities to tackle serious youth violence, this will include activity analysis, weapons sweeps and seizures, arrests, detections, search warrants, CHIS coverage and financial investigation
- Produce gang related intervention profiles (GRIPs) on each individual which will include information on and from Matrix analysis.
- Police will work to the 'action plans' for Violence with Injury and Domestic Violence which are designed to drive forward performance

### Robbery and Theft from Person

- Areas of high risk need will need to be identified through the TTCG process and staff allocated as required, a conscious decision needs to be made between Local Authority and Police as to where their limited resources are best deployed at a given time
- Additional support and training needs to be given to teachers and those that have the closest interactions with youth in order to educate them on personal safety.
- Raise awareness on personal safety when exiting transport hubs and being aware of their property



## Burglary

- Landlords, Local Authority and Police to work closer together to reduce the number of properties/areas that are attractive to burglars, as offenders will look for the easiest option for the highest yield with the lowest risk of being detected.
- Address common themes and remind owners to take simple steps to protect their property, like securing windows and doors
- Work with developers to design out crime during the planning stages of new residential developments
- Work in partnership with Queen Mary University to educate students, target harden dorms and reduce burglaries/thefts from both student accommodation and campus
- Work with schools officers to engage with schools about crime prevention tactics
- Partnership working with businesses to reduce the amount of thefts from business premises, including use of key fob entry systems and designing out crime opportunities

## Vehicle Crime

- Increase education of owners of particular motor cycles/mopeds to ensure increased security of these high risk vehicles
- Signage in high crime hotspots to educate owners to secure and protect their vehicles
- Use publicity to address emerging trends in types of vehicle being targeted to prevent further offences
- Increase education of owners/drivers and in particular non-resident parking area users to ensure they take steps to reduce risk and secure both vehicle and contents
- Deter drivers from leaving valuables on display for opportunist crimes

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## **APPENDIX 2 – Equalities Considerations**

The Community Safety Plan 2013-16 is informed by both the Strategic Assessment 2012 and annual Strategic Assessments within its term, which analyses data on the trends and future local challenges, and through consultation with both members of the public and the wide membership of the Community Safety Partnership (Safe and Cohesive Community Plan Delivery Group). A number of cross cutting issues were also considered as part of this process.

From this detailed evaluation of the strategic landscape and assessment of the most effective governance arrangements, priority areas were developed. This included consideration of the drivers of crime locally and equalities - through the impact on people from different protected characteristic groups. This has influenced the identification of the Plan's priorities for 2013-16, which are:

- Gangs and Serious Youth Violence
- Anti-Social Behaviour (including Arson)
- Drugs and Alcohol
- Violence (inc. Domestic Violence and Violence Against Women and Girls)
- Prostitution
- Hate Crime and Cohesion
- Killed or Seriously Injured
- Property / Serious Acquisitive Crime

Cross-cutting Priorities:

- Public Confidence
- Reducing Re-offending
- MOPAC 7

A high level test of relevance equalities screening has been undertaken on the Plan. This is attached as appendix 2. As the Plan is to be further developed through Community Safety Partnership (CSP) subgroup action plans – further detailed evaluation of equalities in the action plans will be undertaken by those subgroups to ensure they continue to be considered with the development of the Plan.

The Plan is a jointly owned partnership approach – it is not solely owned by the Council – so the authority will communicate the importance of ensuring subgroups give 'due regard' to equalities in the action plan development process and are aware of the requirement to provide appropriate evidence: These considerations will be recorded through the inclusion of equalities considerations in the template for creating their action plans. As sub-group action plans are presented to the Community Safety Partnership (Safe and Cohesive CPDG) equalities considerations will be evaluated by the members.

## APPENDIX 3 - Equalities Analysis - Initial Screening Document

This document is to be used for:-

- Establishing whether an Equality Analysis needs to be undertaken for the policy, function or strategy. *(Based on Section 4 around Impacts)*
- Reviewing existing equality analysis (EQIA) to ascertain whether the original EQIA needs revising.

### Section 1 – General Information

Name of the Policy or Function  
Community Safety Partnership Plan 2013-16

Service area  
Safer Communities Service

Team name  
The Community Safety Partnership

Service manager  
Emily Fieran-Reed

Name and role of the officer completing the Initial Screening  
*(Explain why these people were selected i.e. the knowledge and experience they bring to the process)*  
Colin Hewitt – CSP Officer, Community Safety

### Section 2 - Information about the Policy or Function

Is this a policy or function? Policy  Function

Is the policy or function strategic or developmental?

Strategic  Developmental

Is this a new or existing policy or function? New  Existing

If for a new policy or function, please indicate the date this form was undertaken  
April 2013

If for an existing policy or function, what was the original date(s) the equality analysis (Initial Screening or EQIA) was undertaken  
*(please attach a copy of any previous equality analysis)*

What are the main aims and objectives of the Policy or Function

There is a legal requirement for each Community Safety Partnership formerly Crime and Disorder Reduction Partnership (Safe & Cohesive CPDG) to have a Community Safety Plan.

The Safe and Cohesive Plan 2013-2016 has been created in consultation with members of the Safe & Cohesive CPDG. The objective of the Plan is to address the following local priorities:

- Gangs and Serious Youth Violence
- Anti-Social Behaviour and Arson
- Drugs and Alcohol
- Violence (inc. Domestic Violence and Violence Against Women and Girls)
- Prostitution
- Hate Crime and Cohesion
- Killed or Seriously Injured
- Property/Serious Acquisitive Crime

Cross-cutting Priorities:

- Public Confidence
- Reducing Re-offending
- MOPAC 7

Who are the main stakeholders:

The London Borough of Tower Hamlets

The Police

London Fire Brigade

Probation Services

Health, NHS, CCG and Public Health

Those who live, work, study and visit the borough

Is this policy/function associated with any other policy or function of the Council  
(i.e. *Community Plan, One Tower Hamlets etc.*)

- The Community Plan
- Children and Young People's Plan
- Substance Misuse Strategy 2011-2014 (Drugs & Alcohol)
- Violence Against Women and Girls Strategy
- Integrated Offender Management Plan
- Tower Hamlets Prevent Delivery Plan (under review in line with National Guidance)
- ASB Profile
- Hate Crime Strategy
- Community Cohesion Contingency Plan

### Section 3 – Information about Existing Policies and, or Changes to Functions only

Has there been any 'significant' change to the Policy or Function?

Yes    No

If yes, Please indicate what the change will be and what has brought about this change to the policy or function?

**has been NO SIGNIFICANT amendments to an existing policy/function there is no need to continue to Section 4 below or a full equalities analysis**

## Section 4 – The Impact

*(Briefly assess the potential impact that the policy/function could have on each of the target groups. The potential impact could be negative, positive or neutral. If you have assessed negative potential impact for any of the target groups you will need to also assess whether that negative potential impact is high, medium or low). Please also indicate if there is any link to Community Cohesion.*

Identify the potential impact on the following groups and:

<b>Target Groups</b> What impact will the 'new' or 'significantly' amended policy or function have on specific groups of service users?	<b>Impact – Positive or Adverse</b>	<b>Reason(s)</b> <ul style="list-style-type: none"> <li>• Please add a narrative to justify your claims around impacts and,</li> <li>• Please describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making</li> <li>• Can the negative impact be justified on the grounds of promoting equality?</li> </ul>
Race  Page 237	Positive	<p>For race equality the priority of addressing Hate Crime and Cohesion may be of particular relevance.</p> <p>The data collected in the CSP Strategic Assessment 2012 suggests that depending on your racial background, the likelihood of you being a victim of crime or identified as a perpetrator of crime varies significantly. The analysis below summarises this information and sets out key areas which will be addressed by sub-groups in developing detailed plans to reduce crime, protect victims and promote equality for people from different racial backgrounds.</p> <p><b>National crime data</b></p> <p>There is a significant amount of national and regional evidence about the different experiences of crime by people from different racial background, some of which is summarised below. These suggest possible areas of inequality locally. In developing the CSPP sub-group action plans we will seek to collect and analyse local data to identify patterns in the borough:</p> <p><b>Overall crime:</b> Analysis from the Ministry of Justice's Statistics on Race and the Criminal Justice System 2010 and according to the 2010/11 British Crime Survey, showed that nationally the risk of being a victim of personal crime was higher for adults from a Mixed background than for other ethnic</p>

groups. It was also higher for members of all BME groups than for the White group. Over the five year period 2006/7 to 2010/11, there was a statistically significant fall in the risk of being a victim of personal crime for members of the White group of 0.8%. The apparent decrease for those from BME groups was not statistically significant.

**Violent crime:** Of the 2,007 homicides nation-wide recorded between 2007/8 and 2009/10, 75% of victims were White, 12% Black and 8% Asian. These proportions are lower for the white group and higher for the Black and Asian groups than reflected in estimates of the general population. In the majority of homicide cases, victims were suspected of being killed by someone of the same ethnic group, which is consistent with the previous trend (88% of White victims, 78% of Black victims and 60% of Asian victims).

**Arrest and sanction rates:** Across England and Wales, there was a 3% decrease in the total number of arrests in 2009/10 (1,386,030) compared to 2005/6 (1,429,785). The number of arrests for the White group also decreased during this period, arrests of Black persons rose by 5% and arrests of Asian people by 13%. Overall, there were more arrests per 1,000 population of each BME group (except for Chinese or Other) than for people of White ethnicity in 2009/10. Per 1,000 population, Black persons were arrested 3.3 times more than White people and those from Mixed ethnic group 2.3 times more than White people.

Conviction ratios for indictable offences were higher for White persons in 2010 than those in the Black and Asian groups (81% for White, 74% for Black and 77% for Asian). A higher percentage of those in the BME groups were sentenced to immediate custody for indictable offences than in the White group in 2010 (White 23%, Black 27%, Asian 29% and Other 42%), this is mainly due to differences in plea between ethnic groups.

**Regional crime data:**

Analysis from the MOPAC Policing and Crime Plan 2013-17 Equality Impact Assessment 2013 states that London is disproportionately affected by crime problems, such as robbery and knife crime, typically associated with young males who often operate in groups or 'gangs'. Current analysis shows that all of the gang members scored on the MPS matrix are male and that 79% are described as Black and Minority Ethnic (BME). In 2011 14% of homicides (19) were gang related and two thirds (12) were teenagers and all but one was male and from a BME background.



**Hate crime:** Analysis from the MOPAC Policing and Crime Plan 2013-17 Equality Impact Assessment 2013 states that hate crime is greatly unreported and which is a great concern for many communities. In 2011/12 there was a 6.8% reduction in the number of reported racist and religious hate crimes.

Analysis by the Home Office shows that there were 43,748 hate crimes recorded by the police in 2011/12 in England and Wales, of which 35,816 (82%) were race hate crimes

The number of Racially motivated crimes/incident recorded by the Police in 2010/11 was 18% lower at 51,187, than they were during the 5 year period 2006/7 to 2010/11.

#### **Local data**

**Analysis** from the CSP Strategic Assessment 2012 under Cohesion & Hate Crime indicator recording the number of racist and religious offences showed a 9% decrease (34 less) in the number of offences in the year up to September 2012, when compared to the previous year. Offence numbers have remained reasonable static for the last 3 years, with an average of 358 offences a year, or one a day.

**Recommendations** from CSP Strategic Assessment to CSP and Subgroups were that their action plans should maintain a continued focus on all Hate Crime Offences of which Racist and Religious Offences fall into. The CSP and its Subgroups to continue their work around education of potential victims and suspects within this crime category and to carry on with various education/crime prevention plans linked to this subject.

**Analysis** from the CSP Strategic Assessment 2012 provided by the Metropolitan Police to Victim Support regarding victims of crime by ethnicity and age is not thorough and reliant on the information recorded on the Police CRIS system. However combined figures for segmented groups into large groups (Asian, White, Black, Other) shows that during the period 1<sup>st</sup> October 2011 to 30<sup>th</sup> September 2012, 45% of victims of crime were from the White group, 35% from the Asian group and 9% from the Black group. Population figures for Tower Hamlets from the 2011 Census shows 45% from the White group, 41% from the Asian Group and 7% from the Black group. Therefore the Asian group is underrepresented by 6 percentage points and the Black group is over represented by 2 percentage points.

Looking at crime breakdown by ethnicity White people are over represented in the borough being victims to 60% of burglary and 50% of robbery, when compared to the population figure of 45%. Black people are over represented in the borough being victims to 12% of violent crime, when compared to

		<p>the population figure of 7%.</p> <p><b>Recommendation</b> from Victim Support in the CSP Strategic Assessment 2012 is for the Metropolitan Police to improve the recording of specific hate crime categories which will improve the referrals to Victim Support via the automatic data transfer from the Police CRIS system. More accurate recording of ethnicity of victims will enable Victim Support to analyse trends in crimes for the borough and assist in targeted work for CSP Subgroups to deliver.</p>
Disability	Positive	<p>For disability equality, the priority of addressing Hate Crime and Cohesion may be of particular relevance.</p> <p><b><u>National and regional data</u></b></p> <p><b>Analysis</b> by the Home Office shows that there were 43,748 hate crimes recorded by the police in 2011/12 in England and Wales, of which 1,744 (4%) were disability hate crimes</p> <p><b>Analysis</b> of regional police force figures show that there were 133 disability hate crimes recorded by the Metropolitan Police Force in 2011. This demonstrates a 14.66% increase on the number of recorded disability hate crimes in 2010 (116) and a 34% increase when compared to the ACPO figures for London in 2009 (99).</p> <p><b>Analysis</b> in the British Crime Survey 2010/11 shows that Disabled people are significantly more likely to be victims of crime than non-disabled people. This gap is largest amongst 16-34 year-olds where 39 per cent of disabled people reported having been a victim of crime compared to 28 per cent of non-disabled people. Disabled people are less likely than their non-disabled peers to think the Criminal Justice System (CJS) is fair. This gap is largest amongst 16-34 year-olds, where 54 per cent of disabled people think that the CJS is fair compared to 66 per cent of non-disabled people</p> <p><b>Analysis</b> from the MOPAC Policing and Crime Plan 2013-17 Equality Impact Assessment 2013 states that hate crime is greatly unreported and which is a great concern for many communities. There is significant underreporting of disability hate crimes (according to the Met's 2011/12 Annual Report).</p> <p><b><u>Local data:</u></b></p> <p><b>Analysis</b> from the Tower Hamlets Local Voices report (Hearing the Voices of Disabled People in Tower Hamlets) produced by REAL in 2013, of which 99 disabled people responded to the survey showed that the number one issue for 12% of the survey respondents and number 2 issue for 9.1% of</p>

		<p>the respondents was Crime and Safety. Older people, Asian people and those with a Mental Health condition has slightly higher levels of concern and a greater sense that crime and safety services were failing disabled people than others. Nearly half of the survey respondents disagreed/strongly disagreed that disabled people were safe from harassment and hate crime and only 30% agreed they were safe. Within each gender, age and ethnicity groups of those disabled people who completed the survey, it was Men, people under 60 and Asian people who most tended not to agree that disabled people were safe. Amongst different impairment groups, disagreement was particularly high for people with visual impairment (55%), people with learning disability or cognitive impairment (80%) and people with mental health condition (87%). Overall 28% of survey respondents believed crime and safety services did not serve disabled people well, making it fourth worst performing service out of the survey. People with visual impairment were particularly critical, with 25% saying it fails disabled people.</p> <p><b>Response</b> - In line with the equalities duty and the No Place For Hate &amp; Domestic Violence action plan, The Domestic Violence &amp; Hate Crime Team are committed to supporting both agencies and disabled service users in the context of all crime and disorder.</p> <p>The DV &amp; Hate Crime Team currently provide monthly training to service users who experience mental health illness &amp; learning disabilities around recognising what domestic violence and hate crime is, which also shows them how they can report incidents. We have recently produced an 'easy read' DV leaflet for adults with learning disabilities and will have finished an easy read HC leaflet by November 2013. The team also provide regular training to the Community Mental Health Team, Safeguarding Adults Board, Safeguarding Adults Champions and local community groups including REAL, Positive East and MIND.</p>
Gender	Positive	<p>For gender equality, the priority of addressing Violence (with a focus on Domestic Violence) may be of particular relevance.</p> <p><b><u>National and regional data</u></b>  <b>Analysis</b> from the Ministry of Justice's Statistics on Women and the Criminal Justice System 2012, shows an estimated three in every 100 adults were a victim of violent crime according to the Crime Survey England and Wales 2011/12, with 2% of women reporting being victims of violent crime compared to 4% of men. The type of violence most commonly reported differs by gender. Women who reported being a victim of violence were most commonly victimized by an acquaintance whereas men</p>

most commonly were victims of stranger violence.

A higher proportion of women reported being victims of intimate violence such as partner or family non-physical abuse, threats sexual assault or stalking - 7% of women compared with 5% of men.

201 women were victims of homicide in 2010/11 compared with 435 men according to data from the Homicide Index. A greater proportion of female victims than male victims knew the principal suspect, 78% and 57% respectively in 2011.

34% of females and 31% of males were arrested for violence against the person in 2010/11 - the most common offence group for arrest during the five year period 2006/7 to 2010/11.

According to the Ministry of Justice figures for 2010/11 by Police Force area, the Metropolitan Police arrested 50,293 men and 9,464 women that year for Violence Against the Person. The next highest was 28,207 arrests of men and 8,471 arrests of women for Theft and Handling, followed by 20,980 arrests of men and 1,894 arrests of women for Drug Offences.

Nationally more than 1.2m persons of known gender were convicted and sentenced at all courts in 2011. Of these 24% were female and 76% were male.

**Analysis** from the MOPAC Policing and Crime Plan 2013-17 Equality Impact Assessment 2013 states that London is disproportionately affected by crime problems, such as robbery and knife crime, typically associated with young males who often operate in groups or 'gangs'. Current analysis shows that all of the gang members scored on the MPS matrix are male. In 2011 14% of homicides (19) were gang related and two thirds (12) were teenagers and all but one was male.

#### **Local data**

**Analysis** from the CSP Strategic Assessment 2012 under Violent Crime Indicator for the 'Number of Most Serious Violence offences per 1,000 of the population' and 'Number of Assault with Injury' show that victims are more likely to be male although repeat victims are more likely to be female. Currently (October 2013) Non Domestic Violence with Injury accounts for 68% and Domestic Violence With Injury accounts for 32% of all Violence with Injury in the borough. In the town centre hotspot, victims and suspects are less likely to know each other. When they do know each other they are more likely to be acquaintances, whereas on the rest of the borough, they are more likely to have been in a past or current relationship with each other (domestic violence).

		<p><b>Recommendations</b> from CSP Strategic Assessment to CSP and Subgroups was that their action plan should include a continued focus on Violence Related Offences, the Community Safety Partnership to continue its work around education of potential victims and suspects within this crime category. Carry on with various education plans linked to this subject and continue crime prevention programmes. The subgroup responsible for the CSP Priority Violence (with a focus on Domestic Violence) action plan should contain detailed actions to address these findings, which should lead to a decrease in the number of offences and an increase in partnership working, social cohesion and education around this subject.</p> <p><b>Analysis</b> from the CSP Strategic Assessment 2012 under Violence Against women and Girls, measures the number of Domestic Violence Offences shows an increase in the number of offences by 6% year on year over the three year period. This increase could be down to a number of factors including numbers of people living in the borough, overcrowding and the economic downturn, particularly the associated pressures that these can bring, but also may be down to an increase in confidence to report offences. A lot of work has been done in the borough to raise awareness of domestic violence, specifically Violence Against Women and Girls as it has been both nationally and locally grossly under reported. The Crime Survey for England and Wales estimates that since the age of 16, 29% of Women have experienced Domestic Violence; 20% have experience Sexual Assault and 19% have experienced Stalking. Approximately 97% of all known victims of interpersonal violence in Tower Hamlets are Female, which is a significant gender bias towards Women.</p> <p><b>Recommendations</b> from CSP Strategic Assessment to CSP and Subgroups were that their action plan should include a continued focus on all violence related offences, especially those that can be linked to Domestic Violence. The CSP and Subgroups should continue to work and focus around education of potential victims and engaging with suspects within this crime category. Carry on with various education plans linked to this subject and continue with gender specific crime prevention programmes.</p>
Gender Reassignment	Positive	<p>For transgender equality, the priority of addressing Hate Crime and Cohesion may be of particular relevance, as this priority aims to address all hate crimes, of which trans phobic crime is one.</p> <p><b>Analysis</b> by the Home Office shows that there were 43,748 hate crimes recorded by the police in 2011/12 in England and Wales, of which 315 (1%) were transgender hate crimes.</p> <p>In 2013 Galup's hate crime report stated that there were only 50 transphobic crimes recorded in</p>

		<p>London during 2012/13, yet anecdotal evidence collected by Galup identifies individual trans people who are the target of over 50 transphobic crimes each year.</p> <p>We do not have any local or borough data to analyse as there were no recorded trans phobic crimes in last year according the local Police data.</p>
Sexual Orientation	Positive	<p>For Lesbian, Gay and Bisexual people, the priority of addressing Hate Crime and Cohesion may be of particular relevance.</p> <p><b><u>National and regional data</u></b>  <b>Analysis</b> by the Home Office shows that there were 43,748 hate crimes recorded by the police in 2011/12 in England and Wales, of which 4,252 (10%) were sexual orientation hate crimes.</p> <p><b>Analysis</b> from the MOPAC Policing and Crime Plan 2013-17 Equality Impact Assessment 2013 states that hate crime is greatly unreported and which is a great concern for many communities. In 2011/12 there was a 5.5% reduction in the number of reported homophobic crimes.</p> <p>A report on homophobic crime produced by the Equality and Human Rights Commission shows that LGB people appear to worry about being the victim of crime to a greater degree than other minority groups. In 2008 around 40 per cent of LGB people say they are worried about being the victim of a crime. This compares to 13 per cent of people on average who are worried about being the victim of a crime. A survey of Homophobic hate crime in 2008 showed that eleven per cent of LGB people say being the victim of a crime is their biggest worry.</p> <p><b><u>Local data</u></b>  <b>Analysis</b> from the CSP Strategic Assessment 2012 under Cohesion &amp; Hate Crime indicator recording the number of Homophobic offences shows no pattern in the levels of offences each year. The figures from the control period shows increases one year and decreases the following, this is due to the low number of offences that are reported each year in the borough, 71 in the year up to September 2012. Over the past three years the average number of offences was 73.</p> <p><b>Recommendations</b> from CSP Strategic Assessment to CSP and Subgroups were that their action plan should maintain a continued focus on all Hate Crime Offences of which Homophobic Crime can be categorised. The CSP and its Subgroups should continue their work around education of potential victims to boost confidence and increase reporting and work with the LGB community to address</p>

		homophobic attitudes which drive hate incidents and hate crimes. It should also carry on with various education/crime prevention plans linked to this subject to prevent further incidents/crimes.
Religion or Belief	Positive	<p>For Religion/Belief equality , the priority of addressing Hate Crime and Cohesion may be of particular relevance.</p> <p><b><u>National and regional data</u></b>  <b>Analysis</b> by the Home Office shows that there were 43,748 hate crimes recorded by the police in 2011/12 in England and Wales, of which 1,621 (4%) were religion hate crimes.</p> <p><b>Analysis</b> from the MOPAC Policing and Crime Plan 2013-17 Equality Impact Assessment 2013 states that hate crime is greatly unreported and which is a great concern for many communities. In 2011/12 there was a 6.8% reduction in the number of reported racist and religious hate crimes.</p> <p><b><u>Local data</u></b>  <b>Analysis</b> from the CSP Strategic Assessment 2012 under Cohesion &amp; Hate Crime indicator recording the number of racist and religious offences showed a 9% decrease (34 less) in the number of offences in the year up to September 2012, when compared to the previous year. Offence numbers have remained reasonable static for the last 3 years, with an average of 358 offences a year, or one a day.</p> <p><b>Recommendations</b> from CSP Strategic Assessment to CSP and Subgroups were that their action plans should maintain a continued focus on all Hate Crime Offences of which Racist and Religious Offences fall into. The CSP and its Subgroups to continue their work around education of potential victims and suspects within this crime category and to carry on with various education/crime prevention plans linked to this subject.</p>
Age	Positive	<p>For age equality , the priorities of addressing Gangs &amp; Serious Youth Violence and Reducing Re-offending may be of particular relevance.</p> <p><b><u>National and regional data</u></b>  <b>Analysis</b> from the Mayor's Office for Policing and Crime states that London is disproportionately affected by crime problems, such as robbery and knife crime, typically associated with young males who often operate in groups or 'gangs'. In 2011 14% of homicides (19) were gang related and two thirds (12) were teenagers. Gang members mostly fall into the 13-24 age range, with the largest cohort being 18-24 (75% of the highest harm individuals are over the age of 18); intelligence also suggests</p>

that 10-13 year olds are increasingly being drawn into gang membership.

**Analysis** from the Ministry of Justice's Breaking the Cycle: Effective punishment, rehabilitation and sentencing of offending 2010, states that 75% of young people released from custody and 68% of young people on community sentences re-offend within a year

**Analysis** from the CSP Strategic Assessment 2012 provided by the Metropolitan Police to Victim Support regarding victims of crime by ethnicity and age is not thorough. However looking at victim breakdown by age shows that 18 – 24 year olds are over represented at 24% of the borough's victims when compared to the population figure from the 2011 census of 12%. It also shows that 25-34 year olds are over represented in the victim breakdown for the borough at 34%, when compared to this group making up 25% of the population.

**Local data**

**Analysis** from the CSP Strategic Assessment 2012 under Violent Crime Indicator for the 'Number of Most Serious Violence offences per 1,000 of the population' and 'Number of Assault with Injury' show that offenders and victims show similar patterns of age, with a peak occurring in the 20's and a steep decline as age increases.

**Recommendations** from CSP Strategic Assessment to CSP and Subgroups was that their action plan should include a continued focus on Violence Related Offences, the Community Safety Partnership to continue its work around education of potential victims and suspects within this crime category. Carry on with various education plans linked to this subject and continue crime prevention programmes. The subgroup responsible for the CSP Priority Violence (with a focus on Domestic Violence) action plan should contain detailed actions to address these findings, which should lead to a decrease in the number of offences and an increase in partnership working, social cohesion and education around this subject. It recommends a continued investment in youth diversionary/outreach services to prevent young people being involved in crime and anti-social behaviour either as a victim or a perpetrator. The borough Gangs Matrix aims to tackle those already involved in gang activity/crime, offering ways out of offending behaviour or where this is not accepted by the offender, taking enforcement action against them.

**Analysis** from the CSP Strategic Assessment 2012 under Violent Crime Indicator for the number of 'Hospital admissions for unintentional and deliberate injuries for young people aged 0 – 17 years, shows that 0 – 4 and 5 – 14 age groups by 3 year pooled data, show downward trends in the numbers of admissions, with a more pronounced downward trend in 0 – 4 year age group.



**Recommendations** from CSP Strategic Assessment to CSP and Subgroups are for

- Programmes that support parents and families, develop life skills in children, work with high risk youth and reduce availability of and misuse of alcohol have proven effective at reducing violence. Measures to ensure appropriate identification, care and support mechanisms are in place are important in minimising the harms caused by violence and reducing its recurrence.
- Reducing violence to 0-5 does depend on widespread, multi-sectorial action and requires a well-planned strategic approach to involving all members of the partnership and Local Safeguarding Children Board. Moving straight into action planning now would be precipitate. However better data on presentations to A7E (work is on-going), we need better information on what is being delivered across the piece and thirdly we need a strategy that sets out what, why and how we are proposing action.

The subgroup responsible for the CSP Priority Violence (with a focus on Domestic Violence) and Local Safeguarding Children Board (LSCB) action plans should contain detailed actions to address these findings, which should lead to a decrease in the number of offences and an increase in partnership working, social cohesion and education around this subject.

**Analysis** from the CSP Strategic Assessment 2012 under Property Crime indicator 'Number of Personal Robberies' will also contain some correlation with Serious Youth Violence and Knife Crime and shows that School pupils and students account for almost half of all victims on the borough, with mobile phones being the most frequently stolen property around 29% of all property taken. Personal Robbery appears to be mainly a crime whereby the majority of suspects are aged between 15 and 19 years and the majority of victims tend to be youths. Knife Enabled Robbery remained a persistent proportion of all personal robbery offences.

**Recommendations** from CSP Strategic Assessment to CSP and Subgroups was that their action plan should include a continued focus on Personal Robbery Offences and offenders as there are overlaps between offenders for robbery and other offence types. Community Safety Partnership and subgroups to continue their work around education of potential victims and suspects within this crime category. Carry on with various education plans linked to this subject and continue with crime prevention programmes. The subgroups responsible for the CSP Priorities Reducing Re-offending and Gangs & Serious Youth Violence action plans should contain detailed actions to address these findings, which should lead to a decrease in the number of offences and an increase in partnership working, social cohesion and education around this subject.

**Analysis** from the CSP Strategic Assessment 2012 under Youth Crime, measures the number of victims, offenders, incidents, entering custody, successfully completing orders and proven re-offending of young people. They show clear correlations between Knife Crime Offences, Robbery Offences and Serious Youth Violence as these offences tend to overlay each other in crime types and peak and trough at the same time throughout the year.

**Recommendations** from CSP Strategic Assessment to CSP and Subgroups was that their action plan should acknowledge the clear correlation between Knife Crime, Robbery and Serious Youth Violence and vital partnership working around all three identify the link and adapt their plans accordingly to ensure that they are all part of the strategy and performance measure. Increase in activity around hotspot wards for these offences will impact on one another as there is a link between the schools and robbery offences. Partnership working around facilities provided (ie. Schools, youth clubs and leisure facilities), as 80% of all Tower Hamlets' serious youth violence victims lives within the borough. The subgroups responsible for the CSP Priorities Reducing Re-offending and Gangs & Serious Youth Violence action plans should contain detailed actions to address these findings, which should lead to a decrease in the number of offences and an increase in partnership working, social cohesion and education around this subject.

**Analysis** from the CSP Strategic Assessment 2012 under Drugs and Alcohol, measures the number of Young People taking drugs and or alcohol in specialist treatment has shown an 11.5% increase in the number of Young People in treatment over the three year period. This could be down to the realignment of services due to changes in funding, the YOT becoming part of the specialist treatment network and having a dedicated drug worker or a combination of both. However it is expected that the performance over the coming 3 years is likely to stay relatively stable, which goes against the national trend of a decrease over both periods.

**Recommendations** from CSP Strategic Assessment to CSP and Subgroups was that specialist treatment service should continue to be monitored and adjustments made to it in accordance with the needs of the users/clients.

**Analysis of National Research** shows that Domestic violence is a significant issue for the welfare of children and young people. It is estimated that nearly three quarters of children on the 'at risk' register live in households where domestic violence is occurring (Department of Health 2002 – Women's Mental Health: Into the mainstream). The majority of children in households experiencing domestic

		<p>violence will witness abusive behaviour. It is estimated that 90% of children are in the same or next room when abuse occurs (Hughes, 1992)</p> <p><b>Response</b> from Tower Hamlets Safeguarding Children’s Board is that it has risk assessment tool to support professionals in identifying risks to children in families experiencing domestic violence and ensure appropriate response and actions. The tool and accompanying guidance supports the London safeguarding children board procedure “Safeguarding children abused through domestic violence”.</p>
Socio-economic	Positive	<p>For this target group, the priorities of Drugs and Alcohol and Reducing Re-offending may be of particular relevance.</p> <p><b>Analysis</b> from the CSP Strategic Assessment 2012 under Violence Against women and Girls, shows an increase in the number of domestic violence offences by 6% year on year over the three year period. This increase could be down to a number of factors including an increasing number of people living in the borough; overcrowding and; the economic downturn, particularly the associated pressures that these can bring, but also may be down to an increase in confidence to report offences.</p> <p><b>Recommendations</b> from CSP Strategic Assessment to CSP and Subgroups were that their action plans should include a continued focus on all violence related offences, especially those that can be linked to Domestic Violence. The CSP and Subgroups should continue to work and focus around education of potential victims and engaging with suspects within this crime category. Carry on with various education plans linked to this subject and continue with crime prevention programmes.</p>
Marriage and Civil Partnerships.	Positive	No data available for analysis
Pregnancy and Maternity	Positive	<p><b>Research</b> nationally shows that It is estimated 30% of domestic violence begins or escalates during pregnancy, and it has been identified as a prime cause of miscarriage or still-birth, premature birth, foetal psychological damage, foetal physical injury and foetal death. The mother may be prevented from seeking or receiving adequate ante-natal or post-natal care. In addition, if the mother is being abused this may affect her attachment to her child, more so if the pregnancy is a result of rape by her partner.</p>

		<b>Response</b> from the CSP and the DV Forum is that they have recognised this increased risk during pregnancy and recent birth of a child. It has included this in their Domestic Abuse Stalking and Honour-based Violence Risk Assessment Form, for consideration of individual cases when taking cases to their Multi Agency Risk Assessment Conference on a bi-monthly basis.
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As a result of completing the above, what is the potential impact of your policy/function on the public, giving particular regard to potential impacts on minority or protected groups?

High                       Medium                       Low


**Equalities to be further considered at the Action Planning stage.**

**If you have identified a LOW impact or, there has been NO SIGNIFICANT amendments to an existing policy/function there is no need to continue to a full equalities analysis.**

**If you have assessed the potential impact as MEDIUM or HIGH you will now need to complete a full equalities analysis - building upon the findings of the initial impact assessment (section 4)**



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<p><b>Cabinet</b></p> <p>2 February 2016</p>	 <p><b>TOWER HAMLETS</b></p>
<p><b>Report of:</b> Debbie Jones, Interim Corporate Director, Children’s Services</p>	<p><b>Classification:</b> Unrestricted</p>
<p><b>Determination of School Admission Arrangements for 2017/18</b></p>	

<b>Lead Member</b>	Councillor Rachel Saunders, Deputy Mayor and Cabinet Member for Education and Children’s Services
<b>Wards affected</b>	All Wards
<b>Community Plan Theme</b>	A Prosperous Community
<b>Key Decision?</b>	Yes

**Executive Summary**

This report presents recommendations for Cabinet to agree the Council’s school admission arrangements for Tower Hamlets Community Schools and those schools for whom the Council acts as the admission authority.

**Recommendations:**

The Mayor in Cabinet is recommended to:

- **Agree** the arrangements and oversubscription criteria for admission to Community Nursery Schools/Classes in 2017/18, as set out in Appendix 1.
- **Agree** the arrangements, oversubscription criteria and catchment areas for admission to Community Primary Schools in 2017/18, as set out in Appendix 2.
- **Agree** the arrangements and oversubscription criteria for admission to Community Secondary Schools in 2017/18, as set out in Appendix 3.
- **Agree** the schemes for co-ordinating admissions to the Reception Year of primary school and Year 7 of secondary school for 2017/18, as set out in Appendix 4.
- **Agree** the scheme for co-ordinating ‘In-Year’ Admissions for 2017/18, as set out in Appendix 5.
- **Agree** the planned admission number for each school in Tower Hamlets in 2017/18, as set out in Appendix 6.

## **1. REASONS FOR THE DECISIONS**

- 1.1 The Council decides and implements its school admission arrangements through local consultation and collaboration, enabling it to fully understand and meet circumstances in its area. In doing so, the Council seeks to provide a clear framework intended to ensure that arrangements are lawful, reasonable and minimise delay to children accessing education.
- 1.2 The proposed schemes, consultation and recommendations in this report are consistent with the Council's statutory duties as set out in the most recent revision of the School Admissions Code (Dec 2014).
- 1.3 The Council is addressing the rising need for school places and ensuring that both its school admission and school place planning arrangements work in harmony. 14.5FE of additional primary capacity has been created in the school years 2008/09 to 2014/15. This equates to 435 more places available for the Reception year and 3045 places when the additional capacity is filled in all year groups. A further 2FE of primary capacity will be available from September 2016 with the expansion of Olga Primary School.
- 1.4 The co-ordination of arrangements together with school catchment areas provide a framework to plan the provision of school places more coherently, taking account of existing and future school locations; travelling distance; pupil migration and changes in neighbouring boroughs.

## **2. ALTERNATIVE OPTIONS**

- 2.1 The Council has a statutory duty to annually determine the arrangements for admission to its community schools and to formulate a complying scheme for co-ordinating admissions at the main points of entry (i.e. reception, Year 3 for junior schools and Year 7 for transfer from primary to secondary school). If Cabinet fails to take such action the Council would be acting contrary to the law.
- 2.2 The recommendations in this report have been prepared with regard to the need for arrangements to be clear, objective and fair. Due consideration has been given to alternative admission arrangements, but any alternative action could lead to inequality and leave the Council open to legitimate complaint and legal challenge. If Cabinet wished to consider adoption of alternative arrangements, then full consideration would need to be given to the guidance provided, particularly as to the legal requirements.

## **3. DETAILS OF REPORT**

- 3.1 The Local Authority must consult the public on its arrangements at least once every 7 years, unless it is proposing changes. There are no significant changes to community school admissions arrangements that were consulted upon and approved by Cabinet for the 2016/17 school year. However, the Council is committed to consulting on its school admission arrangements every year as it is concerned to ensure that they continue to promote and enable fair access, secure choice and diversity, and give parents and the wider community opportunity to make informed representation.
- 3.2 The public consultation took place between 1st November and 31<sup>st</sup> December 2015. An analysis of the responses is attached as Appendix 7.



3.3 The Tower Hamlets School Admission Forum, representative of all the key stakeholders in the admission process, including parents, schools, community organisations, diocesan bodies and the Council of Mosques, discussed and agreed the proposals at its meeting on the 30th September 2015.

3.4 Nursery School Admissions Arrangements (Appendix 1)

In 2015/2016 the Council made changes to the nursery admission policy to bring it in line with arrangements for primary admissions, there are no proposals to make further changes this year.

3.5 Primary School Admission Arrangements (Appendix 2)

There are no proposals to alter the existing arrangements and oversubscription criteria for admission to primary schools. The outcomes of the school catchment system first introduced in 2013/14 remain positive with a high proportion of children gaining a place at a local primary school. The percentage of Tower Hamlets children securing a place at one of the top three choices remains above the London average as shown in the chart below:

School Year	% of TH children securing a place at top three choices	London Average
2013/14	93%	92%
2014/15	95%	92%
2015/16	95%	92.5%

However, there will continue to be a need for periodic modifications to primary school catchment areas, in response to a rising pupil population and the planned developments to increase school capacity.

3.6 Secondary School Admission Arrangements (Appendix 3)

There are no proposals to change the existing oversubscription criteria for admission to secondary schools. However, the Local Authority will modify its testing arrangements for pupil ability banding. Tower Hamlets uses banding at the point when children transfer from primary to secondary school. Each secondary school's intake is divided equally across four bands, designed to be representative of the range of ability of children in the local area. Places are then allocated within each band using the school's oversubscription criteria (e.g. siblings; distance). Schools in Tower Hamlets are committed to the continued practice of pupil ability banding as its use, in conjunction with the other oversubscription criteria, can help to achieve intakes with both a broader ability range and wider social mix than would otherwise be the case.

Children were assigned to ability bands based on their performance in the Optional SATs taken in the summer term of Year 5. The optional SATs have now been discontinued following a review of the national curriculum. The Authority has therefore agreed with its schools to use an alternative testing method aligned with the revised National Curriculum and supplied by the National Foundation for Education Research. The new banding arrangements have been welcomed by headteachers because it provides the added benefit, through the specific test items used, of enabling schools to track pupil progress as well as better identify their strengths and weaknesses.

### 3.7 Co-ordinated Admission Schemes – Reception, Year 3 and Year 7 (Appendix 4)

The Local Authority has a statutory responsibility to co-ordinate admissions for children starting primary school, moving from infant to junior school and those transferring from primary to secondary school. The aim is to ensure that as many children as possible are able to receive an offer of a school place at the earliest stage. The scheme and timetable is devised in conjunction with the 32 other London LAs.

### 3.8 Co-ordinated Admission Scheme - In-Year Admission (Appendix 5)

The Local Authority also co-ordinates admissions for children who require a school place outside of the normal points of entry. This is not a legal requirement, but it is an essential safeguarding provision which provides the Local Authority with the most effective way of ensuring that children out of school are tracked and then placed as quickly as possible.

A scheme for co-ordinating in-year admissions is also essential at a time when the numbers of children requiring school places outside the normal points of entry are increasing. This together with a rising and mobile child population places significant pressures on the School Admissions Service. The more recent international human rights abuses and the Welfare Reform Act (2012) are two key developments that could potentially have further implications for service demand.

The Local Authority and its partners have put in place a number of measures to support existing residents and new arrivals to the area. Anecdotal evidence suggests that even when families are placed outside of Tower Hamlets they continue to travel back to the borough for schooling. The reasons for this are unknown, although it is acknowledged that school places are at a premium and/or that it has been difficult for families to secure schooling they find satisfactory in the borough where they have been placed.

Central government plans to make further reforms to the welfare system over the next year is likely to affect a significant number of local families. Work is now being undertaken to consider the impact of these changes. Cumulatively, there are a range of factors which would draw the conclusion that there will be a continued demand for school place provision in Tower Hamlets.

### 3.9 Planned Admission Numbers (Appendix 6)

The planned admissions number (PAN) for schools in Tower Hamlets for the 2017/18 school year seeks to take account of rising pupil numbers and the increased demand in certain areas. Cabinet's attention is drawn particularly to those schools where an increase is indicated.

## **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 This report explains the proposals for determining the admission arrangements to Tower Hamlets community schools and those for which the Council acts as the admission authority for 2017/18.

4.2 The capital consequences for the growing number of pupils in schools have already been advised to Cabinet and have been reflected in the Council's capital programme as far as current resources permit. There are no direct revenue funding implications for future years in respect to pupil numbers which are fully funded by the Dedicated Schools Grant. Savings attributed to lower school transport costs, as a result of the introduction of new catchment areas in previous years are on track to be delivered.

## **5. LEGAL COMMENTS**

- 5.1 The Council is the admission authority for all community and voluntary controlled schools in Tower Hamlets. At least one voluntary aided school and one academy also use the same admissions arrangements. The Council is responsible for administering the co-ordinated scheme for all Tower Hamlets schools, including academy and free schools so that parents apply to their home local authority (irrespective of where the school might be) and receive one offer of a school place.
- 5.2 Section 88C of the School Standards and Framework Act 1998 requires the Council in its role as admission authority to determine the admission arrangements that will apply in line with regulations (currently, the School Admissions (Admission Arrangements and Co-Ordination of Admission Arrangements) (England) Regulations 2012 ("the Admission Regulations 2012") and the mandatory requirements of the School Admissions Code ("the Code").
- 5.3 The Admission Regulations and the Code require that for the school year 2017 - 18, the Council must –
- (a) Carry out any consultation required by section 88C and the Regulations between 1 October 2015 and 31 January 2016;
  - (b) Allow consultees at least six weeks to respond; and
  - (c) Determine its admission arrangements on or before 28 February 2016.
- 5.4 Once the Council has determined its arrangements it must notify the appropriate bodies, set out in the Code, and must publish a copy of the determined arrangements on its website by 15 March in the determination year for the whole offer year, for any school or Academy in Tower Hamlets (Regulation 18).
- 5.5 Where changes are proposed to admission arrangements, the Council must first publicly consult on those arrangements. It is noted that the Council intends to modify its testing arrangements for pupil ability banding, so the Council should consult on those changes. Where there are no changes proposed, the Council is not required by the Regulations to consult, but may still do so if it chooses and should do so where it is considered necessary to properly assess the impacts of the arrangements. The Council consults on its arrangements every year.
- 5.6 Any consultation carried out for the purposes of assessing the impact of the admission arrangements should comply with the following principles: (1) it should be at a time when proposals are at a formative stage; (2) the Council must give sufficient reasons for any proposal to permit intelligent consideration and response; (3) adequate time must be given for consideration and response; and (4) the product of consultation must be conscientiously taken into account.

- 5.7 When determining its admission arrangements, the Council is required by section 84(3) of the School Standards and Framework Act 1998 to act in accordance with the relevant provisions of the Code, which applies to all maintained schools. One requirement of the Code is that the Council must set an admission number (the Planned or Published Admission Number (PAN) for each relevant age group. For a community or voluntary controlled school, the Council (as admission authority) must consult at least the governing body of the school where it proposes either to increase or keep the PAN.
- 5.8 In determining the admission arrangements, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not. Relevant information on these considerations is provided in the One Tower Hamlets section of the report.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1. The Council aims to establish and promote admission arrangements that seek to eradicate inequality and maximise the accessibility of school places. These policies are circumscribed by law and statutory guidance. They comply with equalities legislation and, as far as possible, are inclusive of the community. The Council is also mindful of its duty to ensure that school admission decisions meet parental preference, where possible. It monitors outcomes to ensure that any proposed policy change explains the background, identifies the issues of concern and highlights the potential benefits.

## **7. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 7.1 The underpinning principle for the admission policy to community schools is to provide local places for local children. This reduces the need for pupils to travel long distances to school. The existing admission arrangements aligned with proposed school expansions seeks to alleviate the pressure on school places in parts of Tower Hamlets and reduce the number of children who are travelling out of their immediate areas to access the nearest available school place.

## **8. RISK MANAGEMENT IMPLICATIONS**

- 8.1. Admission arrangements must be reviewed periodically in accordance with the DfE School Admissions Code (2014). Failure to do so could lead to legal challenge and a loss of confidence in the Council as an admission authority.
- 8.2. Although, in practice, the Council reaches a high standard in ensuring that a very high percentage of families obtain a place at one of their preferred schools, there is still the need for it to regularly monitor and review its school admissions arrangements. The Council also needs to ensure that these arrangements continue to provide fair and equal access to school places for all children. The risk of not implementing the proposed changes could mean that arrangements would no longer reflect these underlying social equity principles.

## **9. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 9.1 There are no crime and disorder implications.

## **10. EFFICIENCY STATEMENT**

- 10.1 The Council's seeks to ensure there is an adequate level of accessible school place provision. Reducing the potential for surplus places whilst providing for the delivery of efficient education and the efficient use of resources. Arrangements are reviewed regularly and policies are adequately resourced to ensure effective service delivery.

### **Linked Report**

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- None


### **Appendices**

- Appendix 1 Proposed admission arrangements and oversubscription criteria for Tower Hamlets community nursery classes in 2017/18.
- Appendix 2 Proposed admission arrangements and oversubscription criteria for Tower Hamlets community primary schools in 2017/18.
- Appendix 3 Proposed admission arrangements and oversubscription criteria for Tower Hamlets community secondary schools in 2017/18.
- Appendix 4 Proposed scheme for co-ordinating admissions to Reception and Year 7 for 2017/18
- Appendix 5 Proposed scheme for co-ordinating In-Year admissions for 2017/18
- Appendix 6 Planned Admission Number for each Tower Hamlets School in 2017/18
- Appendix 7 An Analysis of the Responses to the Public Consultation
- Appendix 8 Equalities Impact Assessment on the Admission Arrangements for Tower Hamlets Schools (2015).

### **Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012**

- None

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<p><b>Cabinet</b></p> <p><b>2 February, 2016</b></p>	 <p><b>TOWER HAMLETS</b></p>
<p><b>Report of:</b> Debbie Jones, Corporate Director, Children's Services</p>	<p><b>Classification:</b> Unrestricted</p>
<p><b>End of key stage examinations: Key Stages 2, 4 and 5 (validated results) for 2014/15 academic year</b></p>	

<b>Lead Member</b>	<b>Councillor Rachael Saunders, Cabinet Member for Children's Services</b>
<b>Originating Officer(s)</b>	Terry Parkin, Interim Service Head, Learning and Achievement
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	No
<b>Community Plan Theme</b>	<b>A fair and prosperous community</b>

### Executive Summary

This paper provides an overview of the final validated results for 11, 16 and 18 year olds for the summer of 2015. It reports a very good story at Key Stage 2 and indicates a significant improvement in the outcomes for our more able pupils. We were also able to report a significant improvement at GCSE with 4.9 percentage point improvement in outcomes in the headline figure of 5A\*-C including English and mathematics, matching well the 5% improvement reported from the first set of draft figures in late summer. Pleasingly, whereas the provisional data reported in the autumn suggested only small improvements for our 18 years olds, the more complete data sets now available indicates what is probably our best ever overall performance at age 18, with a continuing strong performance in vocational subjects. Taken together, we are above national averages for our 18 year olds for the first time.

### Recommendations:

The Mayor in Cabinet is recommended to:

- Ensure that future arrangements for school improvement allows the borough to focus on the continuous improvement of its schools as reported in this paper.

## **1. REASONS FOR THE DECISIONS**

- 1.1 Much of this work is non-statutory and funded through Schools' Forum and DSG. The Mayor and Members are asked to note the validated results for Key Stages 2, 4 and 5.

## **2. ALTERNATIVE OPTIONS**

- 2.1 Any alternative support would need to be funded through our central funds. Schools receive funds directly from the Department for Education to undertake school improvement work and it is for schools, individually and collectively, to buy-in services as they see fit.

## **3. DETAILS OF REPORT**

- 3.1 This report provides the Cabinet with validated results of key stage 2, 4, & 5 examinations in the 2014/15 academic year.
- 3.2 Key Stage 2 outcomes have been available for some time and so a detailed analysis of progress indicators and benchmarking against national outcomes has been possible.
- 3.3 Although we have final validated data for 16 and 18 years olds, and national comparisons at 16, we are still analysing local data for 18 year olds but do not anticipate any further significant changes.
- 3.4 Key Stage 2 Results**
- 3.5 Final Key Stage 2 data indicates that there have been improved outcomes across the local authority in all subjects, and at all levels when compared with 2014 (table 1).
- 3.6 The figures also show that the borough has a higher proportion of pupils achieving both the level 4 and level 4b+ benchmarks than nationally across all four single subject areas and for Reading, Writing & Mathematics combined.
- 3.7 Addressing the needs of the more able has been a major focus of our work in the last year, both in-school and through central training. As a consequence, we have seen very significant improvements at level 4b+ and improvements in the percentage attaining level 5 across all areas, which can be tracked back directly to our work with schools.



**Table 1: Key Stage 2 Levels**

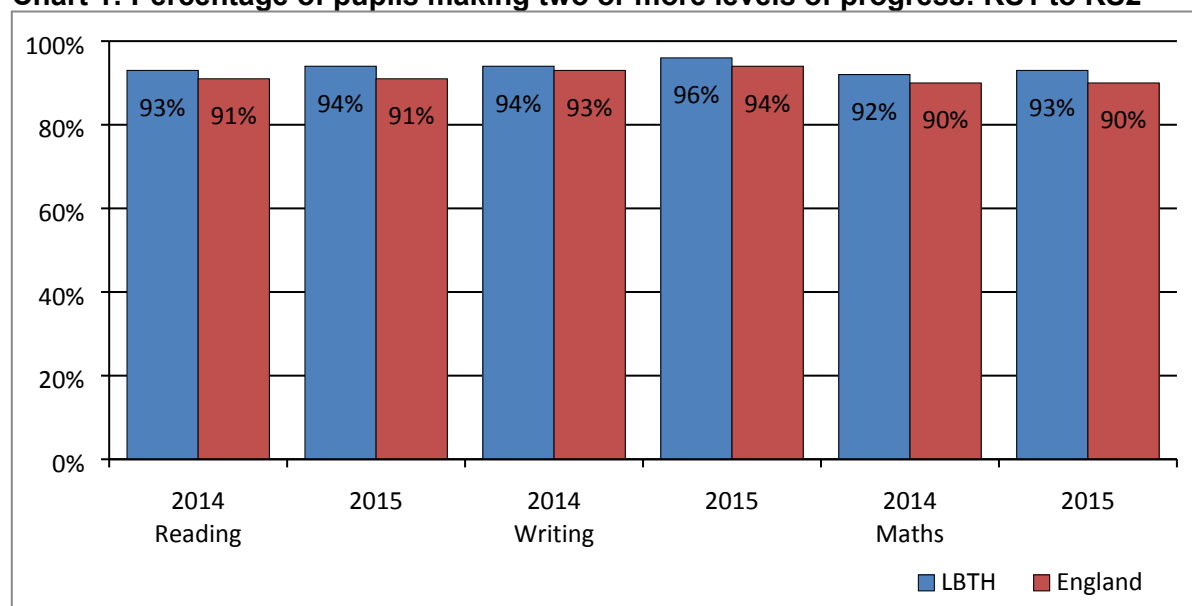
Key Stage 2	Level	LBTH 2014	LBTH 2015	LBTH ppt change 2014 - 2015	England 2015	Ppt variance to England
Reading	L4 +	90%	92%	+2	89%	+3
	L4b+	78%	83%	+5	80%	+3
	L5 +	46%	47%	+1	49%	-2
Writing	L4 +	87%	89%	+2	87%	+2
	L5 +	32%	35%	+3	36%	-1
Mathematics	L4 +	90%	91%	+1	87%	+4
	L4b+	80%	82%	+2	77%	+5
	L5 +	41%	44%	+3	42%	+2
Grammar, Punctuation & Spelling	L4 +	82%	86%	+4	80%	+6
	L4b+	74%	81%	+7	73%	+8
	L5 +	58%	65%	+7	56%	+9
Reading, Writing & Mathematics combined	L4 +	82%	84%	+2	80%	+4
	L4b+	69%	73%	+4	69%	+4
	L5 +	22%	24%	+2	24%	0

Source: DfE\_SFR47\_2015 KS2\_LA\_Tables

- 3.8 In **reading** in 2015, 92% of pupils achieved level 4 or higher compared with 89% nationally. This represents a two percentage point increase on last year while national performance remained the same as in the previous year. At level 4b+ (the 'secondary ready' measure), there was a significant increase of five percentage points to 83%, compared with a two percentage point increase nationally (to reach 80%). For level 5+ in reading, the LA has improved by one percentage point to 47%. Nationally, there has been a decrease of one percentage points from 50% in 2014 to 49% in 2015 for achievement of the more able pupils.
- 3.9 In **writing** in 2015, 89% of pupils achieved level 4 or higher compared to 87% last year. This is a two percentage point increase on performance last year and also higher than the 87% achieved nationally in 2015. There is no level 4b+ in writing, as this is teacher assessed and not tested. At level 5+ in writing, the LA has improved by three percentage points to 35%. Nationally, there has been an increase of three percentage points to 36% for achievement of the more able pupils.
- 3.10 In **mathematics** in 2015, 91% of pupils achieved level 4+ compared to 87% nationally. This is a one percentage point increase on last years figure. At level 4b+, there was an increase of two percentage points to 82%, compared to a one percentage point increase nationally to 77%. At level 5+ in mathematics, the LA has improved by three percentage points to 44%. Nationally, outcomes for more able pupils have remained at 42%.

- 3.11 In **grammar, punctuation and spelling (GPS)**, 86% of pupils achieved level 4+ compared to 80% nationally. This is a four percentage point increase on last year. At level 4b+ there was a significant increase of seven percentage points to 81%, compared to a national five percentage point increase to 73%. At level 5+ in GPS, the LA has again improved by seven percentage point to 65%. Nationally, there has been an increase of four percentage points to 56%.
- 3.12 The **combined measure**, including reading and mathematics tests scores and writing teacher assessment levels, has again risen by two percentage points in 2015 to reach 84%. This continues to be above national outcomes which are 80%. The 'secondary ready' measure at level 4b+ has risen in the LA by four percentage points to 73%. Nationally, this measure has risen by two percentage points to 69%.
- 3.13 On the measure of the **percentage of pupils who make two levels of progress or more** between key stage 1 and key stage 2, the borough had higher performance than nationally for reading, writing and mathematics. Performance in reading increased by one percentage point to be three percentage points higher than the national figure and improvements were seen of two percentage points in writing and one percentage point in mathematics, both remaining above national averages (chart 1).

**Chart 1: Percentage of pupils making two or more levels of progress: KS1 to KS2**



Source: DfE\_SFR47\_2015 KS2\_LA\_Tables

### 3.14 GCSE Results

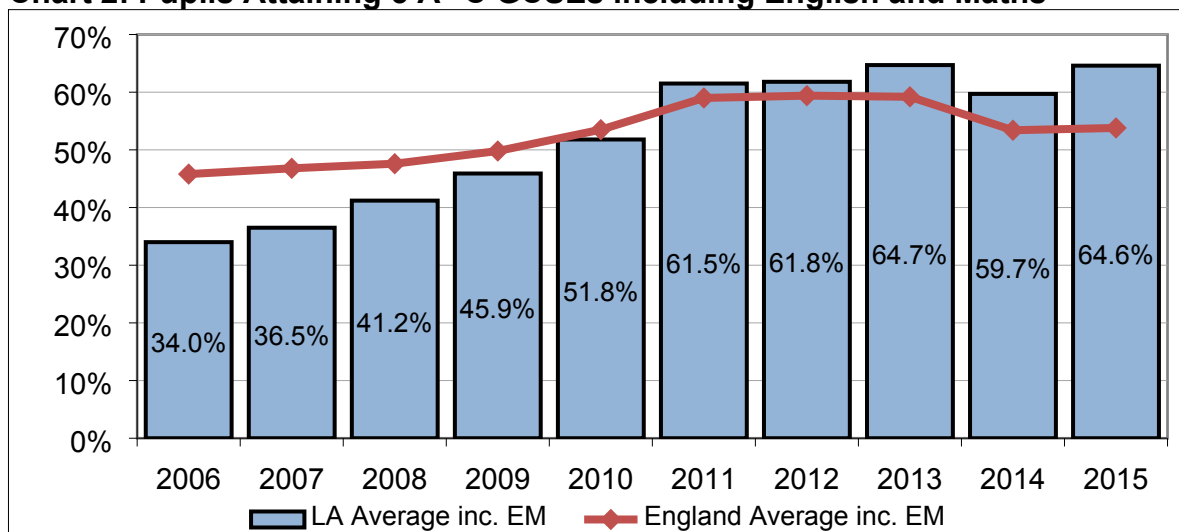
3.15 2015 represents the second year of GCSE results after significant rule changes were made in 2014 to how GCSEs are required to be taught and assessed. These changes contributed to a drop in performance between 2014 and 2015 of 5 percentage points for the borough and of 5.8 percentage points nationally.

3.16 The final 2015 outturn for the headline GCSE measure of the percentage of pupils who attained 5 A\* - C Grades including English and Maths (5ACEM) was

64.6%. This is a 4.9 percentage point increase on the 2014 figure and represents a return to a similar level of performance seen in 2013 before the rule changes took place (chart 2).

3.17 Many schools saw significant improvements in their results with a number, including Bethnal Green Academy and Swanlea, reporting their best ever grades. Schools have had to work hard to come to terms with the revised regulations regarding terminal examinations, a reduced ability to allow students to re-sit where grades are poor, and a widely reported change to grade boundaries in subjects where Ministers felt standards were too low, and the deletion of some popular subjects all together.

**Chart 2: Pupils Attaining 5 A\*-C GCSEs including English and Maths**



Source: DfE SFR01\_2016\_LA\_Tables

3.18 The level of improvement seen locally on this measure was not replicated nationally where there was an increase of just 0.4 percentage points, and the London average went down by 0.6 percentage points.

3.19 These results place LBTH 10.8 percentage points above the national average on the 5ACEM measure of 53.8%, and 3.7 percentage points above the London average of 60.9%.

3.20 There were also improvements across the other headline measures of GCSE performance (Table 2) with an increasing proportion of pupils attaining A\* - C in English (75.7%) and in Maths (74.1%).

**Table 2: GCSE headline measures**

Tower Hamlets - Percentage of pupils achieving:	2012	2013	2014	2015	Ppt difference 2014 - 2015
5 A*-C GCSEs including English & maths	61.9%	64.7%	59.7%	64.6%	4.9
5 A*-C GCSEs any subject	84.4%	85.8%	69.2%	73.4%	4.2
5 A*-C GCSEs ONLY Incl English & Maths	54.3%	57.9%	56.6%	61.7%	5.1
A*-C GCSEs in English & maths		65.1%	62.0%	66.9%	3.4
Achieving EBACC	9.6%	22.7%	24.7%	29.9%	5.2
English A*-C GCSE	70.5%	72.7%	72.1%	75.7%	3.1
Maths A*-C GCSE	69.4%	73.8%	70.7%	74.1%	4.2

Source: DfE SFR01\_2016\_LA\_Tables and 2015 Performance Tables

3.21 Progress measures in English and Maths that take in to account prior attainment at Key Stage 2 also showed LBTH performing at a higher level than nationally. In English, 79.5% of pupils made the expected level of progress compared with 71.1% nationally. In Mathematics, 74% of pupils made the expected level of progress which was a slight decrease on the proportion in 2014 (of 0.3 percentage points), but was still 7.1 percentage points above the national figure of 66.9%.

**Table 3: % Achieving the expected level of progress between KS2 to KS4**

		2009	2010	2011	2012	2013	2014	2015
<b>English</b>	LBTH	62.8%	68.6%	75.5%	72.4%	77.5%	77.5%	79.5%
	England	64.7%	69.3%	71.8%	68.0%	70.4%	71.6%	71.1%
	LBTH Gap to England	-1.9	-0.7	3.7	4.4	7.1	5.9	8.4
<b>Maths</b>	LBTH	57.5%	64%	70.4%	73.7%	74.3%	74.3%	74.0%
	England	57.9%	62%	64.8%	68.7%	70.7%	65.5%	66.9%
	LBTH Gap to England	-0.4	2.0	5.6	5.0	3.6	8.8	7.1

Source: DfE SFR01\_2016\_LA\_Tables

3.22 Attainment of the 5ACEM measure by gender showed that their continues to be an attainment gap both locally and nationally with girls outperforming boys, though in 2015 the gap was narrower in LBTH (at 7.7 percentage points) than nationally (at 9.9 percentage points). It should also be noted that boys in LBTH outperformed boys nationally by 11.8 percentage points, and girls in LBTH outperformed those nationally by 9.6 percentage points.

**Table 4: Attainment by Gender**

<b>% Attaining 5 A*-C inc. E&amp;M</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
LBTH all pupils	61.5%	61.8%	64.7%	59.7%	64.6%
Boys	57.0%	57.3%	62.4%	53.6%	60.8%
Girls	66.0%	66.3%	67.2%	65.9%	68.5%
Attainment Gap Boys - Girls	-9.0	-9.0	-4.8	-12.3	-7.7
<b>% Attaining 5 A*-C inc. E&amp;M</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
England all pupils	59.0%	59.4%	59.2%	53.4%	53.8%
Boys	55.2%	54.7%	53.8%	48.2%	49.0%
Girls	62.8%	64.3%	64.8%	58.9%	58.9%
Attainment Gap Boys - Girls	-7.6	-9.6	-11.0	-10.7	-9.9

Source: DfE SFR01\_2016\_LA\_Tables

3.23 Attainment of the 5A\*-C GCSE incl E& M (5ACEM) measure by ethnic group shows that some groups have levels of attainment that are significantly below their peers locally. The proportion of White British pupils who attained the 5ACEM measure was 48.7%, more than 15 percentage points below the borough average. The level of attainment for this group was also 2.6 percentage points behind their peers nationally. The performance of pupils of a mixed ethnic background also showed a significant attainment gap of 12.5 percentage points with just 52.1% achieving 5ACEM. Pupils of a Black Ethnic Background also showed a (smaller) attainment gap to the borough average of 2.4 percentage points, with 62.2% attaining 5ACEM, though this group did have higher levels of attainment than the national figure for pupils of the same ethnic background (of +10.2 percentage points).

3.24 For pupils of a Somali background (a cohort size of 92 pupils) 59.8% achieved 5ACEM which was 4.8 percentage points below the borough average. There are no national comparator figures for this group.

**Table 5: Attainment of 5 A\* - C Incl English and Maths by Ethnic Group**

	Size of Cohort	LBTH % achieving 5A* - C Inc E&M	Attainment gap to all LBTH pupils	LBTH gap to peers nationally
<b>White</b>	<b>345</b>	<b>54.2%</b>	<b>-10.4%</b>	<b>-2.6%</b>
White British	238	48.7%	-15.9%	-8.4%
Irish	8	87.5%	22.9%	19.3%
Traveller Of Irish Heritage	0	N/A	N/A	N/A
Gypsy / Romany	0	N/A	N/A	N/A
Any Other White Background	99	64.6%	0.0%	12.0%
<b>Mixed</b>	<b>117</b>	<b>52.1%</b>	<b>-12.5%</b>	<b>-6.0%</b>
White and Black Caribbean	55	47.3%	-17.3%	-1.4%
White and Black African	15	53.3%	-11.3%	-5.5%
White and Asian	19	68.4%	3.8%	1.7%
Any Other Mixed Background	28	50.0%	-14.6%	-11.2%
<b>Asian</b>	<b>1,593</b>	<b>68.1%</b>	<b>3.5%</b>	<b>7.0%</b>
Indian	18	72.2%	7.6%	0.1%
Pakistani	25	76.0%	11.4%	24.4%
Bangladeshi	1,525	67.9%	3.3%	5.7%
Any Other Asian Background	25	72.0%	7.4%	6.9%
<b>Black</b>	<b>325</b>	<b>62.2%</b>	<b>-2.4%</b>	<b>10.2%</b>
Black Caribbean	65	56.9%	-7.7%	11.0%
Black African	226	63.3%	-1.3%	7.6%
Any Other Black Background	34	64.7%	0.1%	18.0%
<b>Chinese</b>	<b>17</b>	<b>88.2%</b>	<b>23.6%</b>	<b>11.6%</b>
<b>Any Other Ethnic Group</b>	<b>37</b>	<b>64.9%</b>	<b>0.3%</b>	<b>7.9%</b>
Unclassified	3	66.7%	2.1%	14.5%
<b>All Pupils</b>	<b>2,437</b>	<b>64.6%</b>	<b>--</b>	<b>7.5%</b>

Source: DfE SFR01\_2016 and Key to Success pupil level download

### 3.25 A Level Results

3.26 The provisional figures below exclude Tower Hamlets College, and the national averages will not be available for some time. Locally, the results showed an increase in the overall pass rate of 0.1 per cent - taking it back to the record level of 98.1 per cent established in 2013 which was followed by the first fall for more than 20 years last year.

3.27 There was a slight fall in the percentage of A\*/A grades awarded for the fourth year running from 26 per cent to 25.9 per cent. However, the percentage of A\* to C grades awarded rose significantly from 76.7 per cent to 77.3 per cent. At A\* grade boys had increased the gap between them and girls from 0.6 per cent to 0.9 per cent. However, at every other level girls were ahead.

**Table 6: Key Stage 5 results**

QCA Average Point Score Per Pupil (FTE)	2014			2015			APS per student difference 2014 – 2015		
	A Level	Academic	Vocational	A Level	Academic	Vocational	A Level	Academic	Vocational
LA Average	687	697	610	705	710	677	+8	+13	+67
LA Average (exc. THC)	714	724	689						
National Average	773	777	560	764	768	576	-9	-9	+15
QCA Average Point Score Per Examination									
LA Average	206	202	225	209	208	231	+3	+6	+6
LA Average (exc. THC)	210	205	232						
National Average	211	211	217	212	212	219	+1	+1	+2

Source: Locally collated data

### 3.28 Summary

3.29 Standards at Key Stage 2 remain strong. Most of the school improvement work is delivered in schools by our staff through service level agreements which are anticipated to bring-in around £2m of budgeted income this year. A targeted programme of support for students at level 4 but designed to push them on the higher levels has had a demonstrable impact. This work will continue. The work with the older pupils in our primary schools is of course underpinned by interventions from early years onwards and we have also seen very good results for our phonics work in year 1 reported earlier. There should be a clear expectation on any future partnership arrangement with our schools that school improvement is at the heart of schools working together.

3.30 Work in our secondary schools is funded through the dedicated schools grant or DSG. Detailed analyses of schools results takes place each year to identify our strengths and weaknesses. At age 16, we see significant underachievement from our white heritage pupils and this is particularly marked from those qualifying for the pupil premium. This work has made good progress and elsewhere it has been recommended that we must now develop a second phase. Funding for the second phase will be sought from Schools' Forum.

3.31 The issue underpinning our A level results is one of too many sixth forms offering too many subjects, meaning that often students are taught in groups too small to allow the full development of ideas. Increasingly, as school budgets become reduced, this will be less and less sustainable with General FE Colleges and Sixth Form Colleges looking at a class size model for post-16 education not appreciably smaller than GCSE groups. We have been working with schools for some time on this matter but it has proved very difficult to resolve. Schools like sixth forms; they are felt to enrich school life but also aid recruitment and retention of teachers who would not otherwise work in a school without the challenge of level 3 (A Level) teaching. Officers are working with

headteachers and heads of sixth form to seek a way forward but as we have no statutory planning powers, we must work through influence rather than by directing change. We would recommend that continuing to secure better co-ordination across 16-19 becomes a priority for the developing Tower Hamlets Education Partnership.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 There are no direct financial implications as a result of the recommendations in this report. Any priorities identified in the next steps segment of this report will be met within existing directorate resources. The service level agreement income of £2m referred to in this report is already included within 2015/16 budgets.

#### **5. LEGAL COMMENTS**

- 5.1 The Council has a general duty under section 13 of the Education Act 1996 to secure that efficient primary, secondary and further education are available in Tower Hamlets to meet the demands of the local population. The Council is additionally required by section 13A of the Education Act 1996 to discharge its relevant education functions with a view to: promoting high standards; ensuring fair access to opportunity for education and training; and promoting the fulfilment of learning potential by every person under 20 and persons aged 20 or over but under 25 who are subject to what is now dealt with as part of an education and health care needs assessment.
- 5.2 The Council's schools are subject to inspection by the Office for Standards in Education (Ofsted) under the Education and Inspections Act 2006. Having regard to these matters, it is appropriate for the Council to consider the results obtained by students in the borough and to consider what steps to take to improve that performance.
- 5.3 In its consideration of the recommendations/ next steps, the Council has a duty to have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). A proportionate level of equality analysis is required to discharge the duty. There is some information in the report relevant to these considerations.

#### **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 High quality education remains a priority for the borough. Members will want to be aware that our schools at both 11 and 16 outperform similar boroughs locally and many others with far fewer challenges nationally. A good education remains central to helping our community move out of poverty and to take just one indicator, our A Level performance which is a good proxy for later economic success, was, last summer, the highest ever reported.



## **7. BEST VALUE (BV) IMPLICATIONS**

- 7.1 The Best Value duty requires the Council to, make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The work in school improvement is very highly rated by schools and funded almost entirely directly by them through the Dedicated Schools Grant or DSG, providing excellent value for the Council Tax payer.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 8.1 Not applicable.

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1 The Council has a legal obligation through its Director of Children's Services to secure high standards in its schools. As is reported in the text above, whilst examination performance is recognised as but one measure of an effective school, it is probably the most important. Good outcomes characterise the local authority as being strong for education and reduces the risk of external intervention from the Department of Education. Further, it also reduces the risk of an Ofsted inspection of our school improvement services, which our developing self-assessment evidenced as being effective. We also know that there is a strong correlation between good outcomes in school and future employment, and an inverse relationship with risk of being involved in crime. A good education, therefore, is a strong preventative factor in the development of our children into adults, reducing any future demands on the state.

## **10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 10.1 Generally, well-educated young people are less likely to commit crime or disorder and so these outcomes reduce that risk.

## **11. SAFEGUARDING IMPLICATIONS**

- 11.1 See above.

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- NONE .

#### **Appendices**

- NONE

#### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- List any background documents not already in the public domain including officer contact information.
- These must be sent to Democratic Services with the report
- State NONE if none.

**Officer contact details for documents:**

N/A (All details of individual school outcomes as well as the local authority outcomes may be found on the relevant DfE website.)

<p><b>Cabinet</b></p> <p>2 February 2016</p>	
<p><b>Report of:</b> Melanie Clay, Corporate Director of Law, Probity and Governance</p>	<p><b>Classification:</b> Unrestricted</p>
<p><b>Outline Strategic Plan 2016-19</b></p>	

<b>Lead Member</b>	John Biggs, Executive Mayor
<b>Originating Officer(s)</b>	Kevin Kewin (Corporate Strategy and Equality)
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Community Plan Theme</b>	All

**Executive Summary**

This report presents the draft Outline Strategic Plan for approval by the Mayor in Cabinet.

**Recommendations:**

The Mayor in Cabinet is recommended to:

1. Approve the draft Outline Strategic Plan

**1. REASONS FOR THE DECISIONS**

- 1.1 It is important that the Council sets out its key priorities and how it will measure progress against them. This report presents the draft Outline Strategic Plan. The full Strategic Plan (i.e. the final Outline Plan and accompanying Delivery Plan) will be considered by Cabinet in April.

**2. ALTERNATIVE OPTIONS**

- 2.1 The Mayor may choose not to agree an Outline Strategic Plan. This course of action is not recommended as there would be significant planning gap: the Strategic Plan is a key element of the Council’s business planning arrangements. It is important for the Council to articulate its priorities.
- 2.2 The Mayor in Cabinet may choose to amend the Outline Strategic Plan prior to approval. If he wishes to amend the Plan, regard would need to be given to the Council’s medium term financial plan, as well as any impact arising from the changes. Amendments may be made to the Outline Strategic Plan prior

to its final approval in Cabinet, alongside the Strategic Plan Delivery Plan, in April 2016.

### **3. DETAILS OF REPORT**

3.1 The Strategic Plan is a central part of the Council's agreed Performance Management and Accountability Framework. The Outline Plan seeks to set out a clear set of priorities for the Council, accompanied by a supporting narrative and performance measures. The Outline Strategic Plan will be complemented by a Strategic Plan Delivery Plan for 2016/17 – to be agreed by Cabinet in April – which will set out further detail in terms of supporting activities and milestones.

3.2. The draft Outline Plan is arranged around two broad outcome areas:

- Creating opportunity by supporting aspiration and tackling poverty; and
- Creating and maintaining a vibrant, successful place.

3.3 In order to support delivery of these over-arching outcomes a set of Priority Outcomes have been articulated:

#### **Creating opportunity by supporting aspiration and tackling poverty**

##### *Priority Outcomes*

- a dynamic local economy, with high levels of growth benefiting us
- more residents in good-quality, well-paid jobs
- young people realising their potential
- more people living healthily and independently for longer
- reducing inequality and embracing diversity

#### **Creating and maintaining a vibrant, successful place**

##### *Priority Outcomes*

- an improved local environment
- better quality homes for all
- less crime and anti-social behaviour
- engaged, resilient and cohesive communities

3.4 This approach provides a new framework for the development of the Strategic Plan. The draft attached identifies a number of Strategic Objectives (see pages 9-11 of appendix 1). The Outline Plan also includes a proposed set of strategic performance measures to help track progress and impact. It is recognised that to achieve these outcomes at a time of reducing resources, the Council will need to transform itself over the next 2-3 years.

- 3.5 The Outline Strategic Plan provides an initial framework. A Strategic Plan Delivery Plan for 2016/17 will be developed which will set out the more detailed supporting activities and milestones. A final version of the Outline Strategic Plan, and the supporting Delivery Plan, will be submitted for consideration by Cabinet in April 2016.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 The Strategic Plan is a core planning document; this report sets out the Outline Strategic Plan for 2016-19. The document provides a framework for allocating and directing financial resources to priorities for 2016-19.
- 4.2 In the event that, during the implementation of individual projects and schemes, financial implications arise outside the current budget provision, officers are obliged to seek the appropriate financial approval before further financial commitments are made. This report has no other financial implications.

#### **5. LEGAL COMMENTS**

- 5.1 The Strategic Plan specifies how the Council will prioritise delivery of its functions and thus ranges across the Council's statutory powers and duties. The proposed priorities are capable of being carried out lawfully and it will be for officers to ensure that this is the case.
- 5.2 Section 3 of the Local Government Act 1999 requires best value authorities, including the Council, to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The development of a Strategic Plan, together with its delivery and subsequent monitoring will contribute to the way in which the best value duty can be fulfilled. Monitoring reports to members and actions arising from those reports will help to demonstrate that the Council has undertaken activity to satisfy the statutory duty.

#### **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 The Outline Strategic Plan 2016/17 has been informed by the Borough Equality Assessment and subject to an equality analyses screening exercise. When published in April 2016, the Strategic Plan Delivery Plan will incorporate the Council's Single Equality Framework equality objectives, ensuring that a focus on tackling inequality informs the strategic direction of the Council. This will enable the Council to demonstrate how it is meeting the requirements of

the Public Sector Equality Duty to prepare and publish objectives which demonstrate how the organisation will eliminate discrimination, advance equality of opportunity, and foster good relations between different people.

## **7. BEST VALUE (BV) IMPLICATIONS**

7.1 Section 3 of the Local Government Act 1999 requires the Council as a best value authority to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. The activities and measures in the Strategic Plan will be carefully monitored, helping to fulfil this obligation.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

8.1 The Strategic Plan includes a strategic objective relating to the creation of a better local environment, including a focus on recycling, parking and managing development pressure.

## **9. RISK MANAGEMENT IMPLICATIONS**

9.1 The Strategic Plan provides a strategic framework for other strategies and plans. Risks relating to the achievement of its objectives are therefore monitored through the Council’s corporate risk register and directorate risk registers. Risks are assessed for likelihood and impact, and have responsible owners and programmes of mitigating actions.

## **10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

10.1 The Strategic Plan includes a strategic objective relating to reducing crime and anti-social behaviour.

## **11. SAFEGUARDING IMPLICATIONS**

11.1 The Strategic Plan includes a focus on vulnerable residents. There are no specific safeguarding implications.

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- NONE

#### **Appendices**

- Draft Outline Strategic Plan 2016-19 (appendix 1)

**Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- NONE

**Officer contact details for documents:**

Kevin Kewin, Interim Service Head, Corporate Strategy and Equality  
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# **Outline Strategic Plan 2016/17 – 2018/19**

## Strategic Plan: Overview and Vision

The council's Strategic Plan sets out how it will contribute to the borough's ambitions as set out in the Community Plan and in particular how our activity will contribute to making Tower Hamlets:

- A Great Place to Live
- A Fair and Prosperous Community
- A Safe and Cohesive Community
- A Healthy and Supportive Community

And how the council will further the aims of **One Tower Hamlets** – a more equal and cohesive borough with strong community leadership.

Local people consistently tell us that the following issues are of key importance to them:

- Crime and anti-social behaviour
- Clean streets and a reduction in litter
- Creating jobs and supporting the growth of the local economy
- Affordable housing
- Cost of living and, for some, income reduction

The Community Plan agreed in September 2015 identifies some of the opportunities and potential in the borough:

- Economic growth and a rising employment rate
- A vibrant population with a high proportion of young people
- An active voluntary and community sector
- A partnership committed to collaborative working around priority outcomes

As the Community Plan identifies, there are also some long term and emerging challenges within the borough:

- Persistent low employment levels, particularly for women and some ethnic minorities;
- High levels of child poverty and the impact of welfare benefit changes on an already deprived community;
- Local people priced out by spiralling housing prices and the danger of a polarised community;
- Low levels of health and life expectancy;
- Growth and development impacting on local infrastructure and services;
- The need to be vigilant and tackle the potential for radicalisation and extremism; and
- A further programme of austerity and public sector cuts arising from the Spending Review and a consequent Medium Term Financial Strategy savings target of £63 million over the next 3 years.

The Council will accelerate its work with its partners to tackle these challenges.

Our narrative should not however be purely about the challenges we face. Surveys repeatedly tell us how much most people enjoy living in the East End, with its ‘buzz’ and opportunities. The borough has often attracted negative headlines, and this can feed a cycle of introspection and negativity. There is a positive story to be told, based on an outward-looking culture and the many opportunities local people have, both here and elsewhere in London. While being honest we need to focus on this too, and on building positive headlines and narratives.

To deliver the expectations of our community and the bold ambitions we share with our partners in the Community Plan, the council is committed to a rigorous focus on deploying our resources to provide excellent services and improve outcomes for local people. Tower Hamlets aspires to be a place where residents are proud to live and all are supported to realise their potential.

One of the concerns our residents raised with us when we talked to them last year about the Community Plan and our financial challenges was the need to recognise and address the potential for economic growth and development to undermine what is best about the borough. This included concerns about the impact on the lived environment, our streets and parks, of a growing population and concerns about the potential for many residents of the borough to be priced out or left behind by high cost developments and a growing risk of a ‘polarisation’ between our historically low income core community and the growing number of well-off and high income residents.

Economic growth is vital to the people and place of Tower Hamlets and has significant potential for all residents – but it also brings its pitfalls and its benefits are not felt equally by all. The council has a key role in using its resources to ensure the positive benefits of growth and that they are used to provide sustainable solutions to deeply ingrained local deprivation. It also has a role to protect and enhance the local environment and place.

Against this backdrop, this Strategic Plan aims to set out the Mayor’s three year vision for the council which will inform the council’s Medium Term Financial Plan and the priorities for investment of shrinking resources.

The vision is one which needs to be focused around the outcomes we are looking to achieve. Based on an understanding of the local community, their views and the opportunities and challenges the council faces, the Mayor has identified the following priority outcomes for the period 2016-19:

**Priority Outcomes**

**Creating opportunity by supporting aspiration and tackling poverty**

- a dynamic local economy, with high levels of growth benefiting us
- more residents in good-quality, well-paid jobs
- young people realising their potential
- more people living healthily and independently for longer
- reducing inequality and embracing diversity

## Creating and maintaining a vibrant, successful place

- an improved local environment
- better quality homes for all
- less crime and anti-social behaviour
- engaged, resilient and cohesive communities

## Enabling Objective

- A transformed council, making best use of resources and with an outward looking culture

To achieve these outcomes at a time of reducing resources the council will need to fundamentally transform itself over the next 2-3 years. Meeting local priorities with significantly less money cannot just mean doing more of the same – it will require transformational change. The council has agreed some key transformation principles to ensure that we:

- Target our resources at the right people at the right time;
- Empower our communities and design services around them;
- Shape the place and harness growth, technology and innovation.

A set of transformation principles and the activities we will develop to progress them are set out in the model and the table below:

Transformation Principles	Transformation activities to develop
<b>Better targeting – the right people at the right time</b>	<ul style="list-style-type: none"> <li>• Enablement and re-ablement</li> <li>• Early intervention and Troubled Families approach</li> <li>• Independent living and assistive technology – reducing use of institutional care</li> <li>• Knowing the community and forecasting need</li> </ul>
<b>Re-design and integration for better outcomes</b>	<ul style="list-style-type: none"> <li>• Commissioning approach to outcome delivery</li> <li>• Integration with health</li> <li>• Integrated employment services</li> <li>• Sharing services with other authorities/partners</li> <li>• User centric design of customer interface</li> <li>• Localised co-location in service hubs</li> </ul>
<b>Empowering communities and citizens</b>	<ul style="list-style-type: none"> <li>• Co-design and co-production of services</li> <li>• Greater role for neighbours and communities – redefining relationships state and citizen</li> <li>• Volunteering/local champions</li> <li>• A re-defined delivery partnership with the voluntary sector based on outcomes and commissioning</li> <li>• Transfer of services and assets to community ownership where appropriate</li> </ul>
<b>Harnessing economic growth</b>	<ul style="list-style-type: none"> <li>• Securing real jobs for local residents from new development</li> <li>• Actively attracting and securing positive inward investment, particularly in skilled industries</li> <li>• Maximising social value and co-ordinating business engagement</li> <li>• Promoting the historic entrepreneurial energy of our communities</li> </ul>

<b>Economies of organisation</b>	<p>Internal service re-design, alignment and consolidation</p> <p>Maximising use of technology – underpinned by digital inclusion</p> <p>Streamlining workforce to focus on outcomes</p> <p>Optimising use of assets and accommodating re-shaped council post 2020</p>
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In addition to this, as we move into 2016/17, the council is renewing and strengthening its culture in a range of ways to build on its Best Value Plan and deliver outcomes around:

- Effective procurement;
- Maximising the value and use of assets;
- Appropriately supporting the voluntary and community sector to deliver priority outcomes;
- Communicating and engaging with local people; and
- Ensuring an organisational culture based on transparency, trust and effective relationships.

## **Tower Hamlets Context**

### **National and Regional Context**

Since its election in 2015, the Conservative Government has announced a number of significant policy announcements which will result in changes to council services and for residents in the borough.

The following initiatives are likely to have the largest local impact:

- an ongoing commitment to deficit reduction, including through reductions in funding for local authorities and the phasing out of local government grant over time;
- further significant reforms to the welfare system, including a reduced benefit cap, roll out of Universal Credit and an increased savings target against the non-pensioner element of welfare spending;
- the commitment to extend Right to Buy to Housing Associations and sale of high value council properties;
- a further push towards school academisation and reduction in local authority role;
- extension of free childcare for 3-4 year olds, from the existing 15 hours to 30 hours a week;
- a commitment to further devolution of power to local authorities - including for aspects of employment support to the London Mayor and boroughs.

Local authorities are increasingly working together across borough boundaries sub-regionally. The council will continue to work collaboratively with appropriate groups of authorities to take forward priorities for local people

### **Population growth and change**

The estimated resident population of Tower Hamlets is 284,000. Over recent years, the borough has seen some of the fastest population growth in the country. Tower Hamlets remains a relatively young borough, with almost half of the recent population rise concentrated in the 25-39 age range. The profile of the borough is one of increasing diversity, with 43% of the population born outside of the UK. There are

sizeable Bangladeshi (32%) and White British communities (31%) and an increasing number of smaller ethnic groups in the resident population.

### **Housing and Environment**

A fast growing population, low income levels for many households and high house prices makes housing a key local challenge. The borough has a strong track record of building large numbers of affordable homes for residents. However, there continues to be a crisis of affordability in boroughs such as Tower Hamlets. How we manage population and housing growth, and ensure that adequate infrastructure, including school places, parks, leisure facilities and transport, are in place to create sustainable communities is a key priority. The Tower Hamlets Local Plan, which will be refreshed this year, will provide the policy framework to enable this.

### **Employment and the economy**

Tower Hamlets is one of the highest economic and employment growth areas in the country. There are already over 256,700 jobs in the borough, which is more than the number of working age residents. The economy has important financial, communication and retail sectors with a significant proportion of employment in the borough based in Canary Wharf and the City Fringe.

Supporting residents to benefit from the borough's strong economy is still a key challenge. Whilst the borough's employment rate continues to improve, it remains below the London average, particularly so for women and ethnic minority residents. Residents identify lack of jobs as one of their top three areas of concern. Our three priorities must be to actively support businesses to create and locate good-quality jobs in our borough; to ensure that our residents are equipped – through training, support and brokerage – to access those jobs; and in parallel to support the historic tendency of resident communities towards enterprise and business start-ups. At the same time as working intensively with long-term unemployed residents being hit by benefit cuts to get them into work, we will also need to focus on making our borough attractive to high-skilled companies – for example in tech or creative industries – that will provide the jobs for the growing number of our young people whether graduating from university or fresh from our local schools and colleges.

### **Education**

Outcomes for local children and young people are good; local Key Stage 2 and GCSE results are now consistently above national averages. Whilst the borough has seen vast educational improvements, this has not yet translated into improved achievement post-16 for young people, particularly for particular groups such as white British young people. Helping all young people to overcome the barriers they face in achieving their aspirations will be a major priority.

### **Health and Care**

Despite strong progress in recent years, improving healthy life outcomes for residents remains a key priority. Eight out of ten residents report that their health is good or very good; however, the proportion citing poor health is the fourth highest in London. Health inequalities begin early and Tower Hamlets has one of the highest rates of childhood obesity in the country. Rates of heart and lung disease and diabetes are also significant and limit health and independent living, particularly for our older people.

### **Community Safety and Cohesion**

Residents consistently tell us that concern about crime is their top priority. Our work in partnership with the police has resulted in a reduction in notifiable offences. Personal robbery and residential burglary in particular have reduced, however violent crime levels have been rising and reducing Anti-Social Behaviour remains a strong priority for the borough.

Residents in the borough have a strong sense of community cohesion, with our Annual Resident Survey indicating that the vast majority of residents (81%) think that people from different backgrounds get on well together, up from 69% in 2009. Nevertheless, the impact of international events is felt locally and concerns about extremism and radicalisation need to continue to be strongly addressed. The council will actively promote community cohesion, bringing different parts of the community together, tackling divisions and encouraging positive relationships.

### **Inequality and fairness**

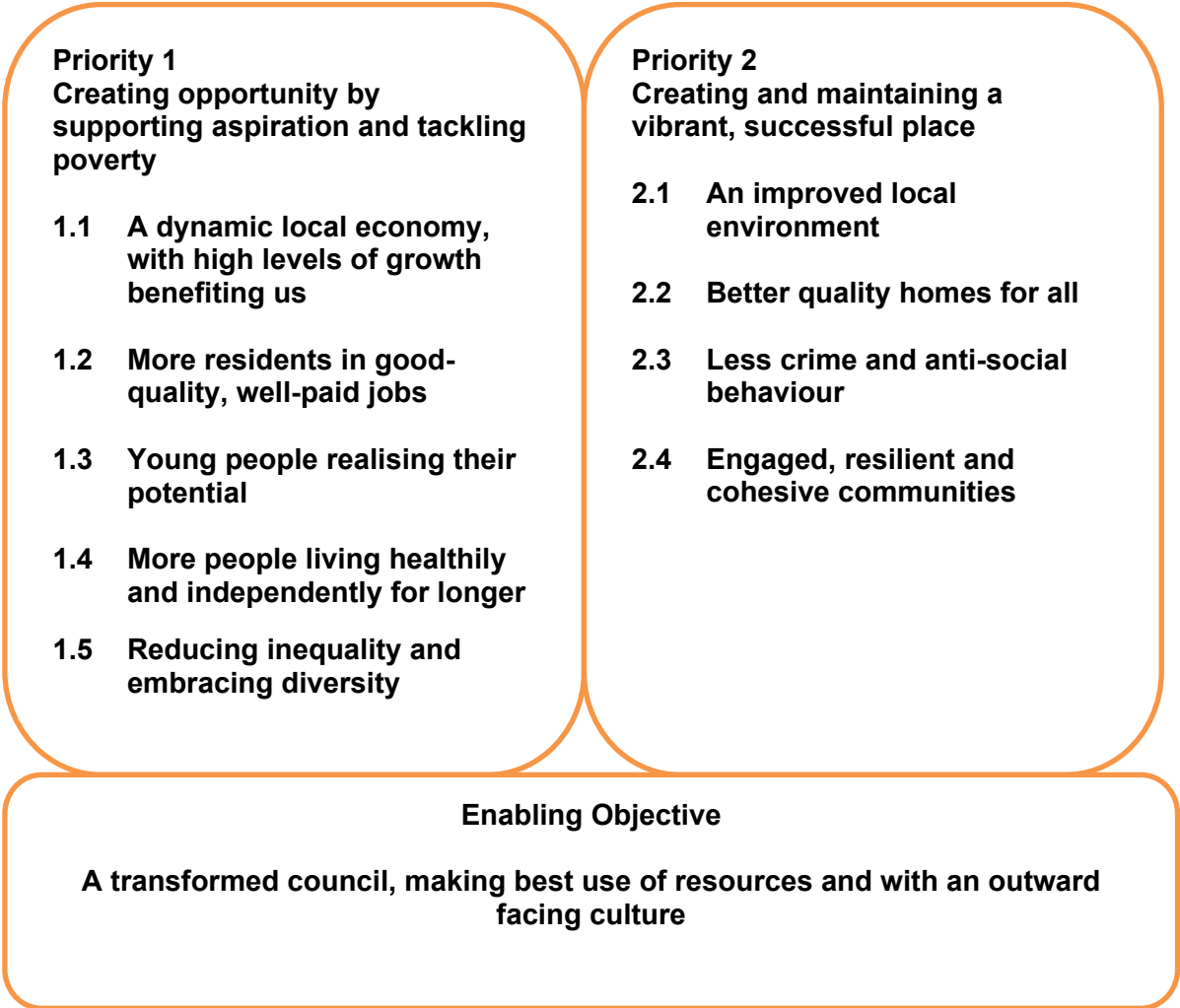
Sitting alongside the Strategic Plan, the council will develop a Single Equality Framework which will seek to prioritise action on outcomes which particularly affect particular equality groups – for example employment for women and BME residents and educational attainment for white British young people.

# Priority Outcomes

The Mayor and our partners have a clear vision for the borough *to improve the quality of life for everyone living and working in Tower Hamlets.*

To achieve this vision the Mayor, with his Cabinet, has identified the following Priority Outcomes for the Council:

## Priority Outcomes





## Strategic Objectives

To deliver these Priority Outcomes the council has a set of strategic objectives for the period 2016 – 2019. These objectives have been set based on:

- What our residents tell us about what matters to them;
- Areas for improvement based on our understanding of current performance;
- Responding to the new challenges of our changing borough or national developments; and
- Responding to and embedding the issues from the council's Best Value Improvement Plan and ensuring the organisation and its governance is fit for purpose to deliver its outcomes in a tough financial climate.

### 1. Creating opportunity by supporting aspiration and tackling poverty

#### 1.1 A dynamic local economy, with high levels of growth benefiting us

- Develop and deliver an Economic Growth Strategy
- Implement a programme of business support for Tower Hamlets businesses and entrepreneurs
- Create the right environment for business growth, delivering the Whitechapel Vision, securing the provision of appropriate workspace (including for scale-up businesses) and meeting the advanced IT infrastructure needs of business
- Work in partnership with skilled industries where the borough has existing or emerging clusters to understand their needs and accelerate their growth in order to boost the number of skilled jobs in the local economy
- Develop and deliver High Streets and Town Centres Strategy
- Promote regeneration across the borough
- Improve our ability to secure local employment through S106 agreements with developers building in our borough

#### 1.2 More residents in good quality, well-paid jobs

- Expand the Raising Aspirations programme across the borough, to provide intensive support to get long-term unemployed and economically inactive residents into work
- Develop an Integrated Employment Service to support higher volumes of local people into work, including graduates into higher skilled jobs
- Improve the quality and availability of skills training and ESOL provision, and better co-ordinate the provision of both third-sector and private sector employment support, including by moving from grant giving to commissioning for employment services

#### 1.3 Young people realising their potential

- Ensure adequate early help for the most vulnerable children and families, with a strong focus on safeguarding
- Develop a sustainable offer of support to children with special educational needs
- Improve educational aspiration and attainment
- Ensure better outcomes for looked after children and young people
- Improve educational and vocational provision at post-16
- Support all young people to access enrichment and social activities

#### **1.4 More people living healthily and independently for longer**

- Promote healthy lifestyles and address the wider causes of ill health, through a refreshed Health and Wellbeing Strategy, which commits all sections of the council to actively promote the health and wellbeing of all our communities
- Improve care and support for vulnerable adults and their carers, integrating with health and promoting independence and keeping people safe from all forms of abuse
- Deliver the council commitment to the Mental Health challenge and work with local employers to tackle mental health stigma
- Improve participation in sport, and other health promoting activities, at a community level

#### **1.5 Reducing inequality and embracing diversity**

- Mitigate the impact of welfare reform on our most vulnerable residents
- Implement an action plan to improve white British school attainment
- Support more women and black and minority ethnic residents into employment
- Tackle obesity amongst black and Asian children
- Respect, value and celebrate our cultural history and diversity

### **2. Creating and maintaining a vibrant, successful place**

#### **2.1 An improved local environment**

- Ensure that the borough is clean to the highest possible standards
- Improve waste management and recycling performance
- Reduce the impacts of traffic on our residents, making our borough one of the best in London to walk or cycle in and building a sustainable approach to road use and parking policy
- Manage development pressure and provide effective local infrastructure, services and facilities

#### **2.2 Better quality homes for all**

- Increase the availability of good quality housing, including family-sized homes, across all tenures
- Maintain and improve the quality of council housing stock and housing management services
- Tackle homelessness, including through improved prevention and a reduction in families in temporary accommodation
- Tackle fuel poverty and implement a fuel poverty strategy

#### **2.3 Reduced crime and anti-social behaviour**

- Work with our partners to target resources to reduce crime
- Step up activity to tackle anti-social behaviour
- Reduce the prevalence of prostitution

#### **2.4 Engaged, resilient and cohesive communities**

- Engage and communicate effectively with local people
- Establish a new collaborative relationship with the voluntary and community sector to deliver priority outcomes and build strong communities
- Explore opportunities for co-production with local residents

- Promote community cohesion, bringing different parts of the community together, tackling divisions and encouraging positive relationships
- Step up our Prevent programme to tackle radicalisation
- Increase visits to our core cultural offer specific to Idea Stores and Leisure Centres

**A transformed council, making best use of resources and with an outward looking culture**

**Enabling Objective:** in order to achieve the above outcomes, we will also aim to:

- Make best use of council resources through effective procurement, exploiting the value and use of assets and maximising income from local growth
- Support an organisational culture based on transparency, trust and effective relationships
- Deliver an organisational transformation programme to ensure effective, responsive front line services and efficient, cost-effective support services, enabled by ICT and including a new civic centre
- Develop an effective workforce strategy, with appropriate skills and representative of the community
- Nurture an outward looking culture, by asserting our place and relationships in London.

## **Delivery and Resource Planning**

A Delivery Plan for 2016/17 will be developed to underpin the achievement of these strategic objectives, for agreement by Cabinet by April 2016.

This will be supported by a series of key corporate strategies including those which we will deliver jointly with our partners, to be developed or refreshed during 2016/17, including:

- A new Health and Wellbeing Strategy setting out how partners will work together to improve health outcomes for local people;
- A refreshed Children and Families Plan;
- A new Economic Growth Strategy;
- A new Housing Strategy;
- A refreshed Community Safety Plan;
- A new Voluntary and Community Sector Strategy; and
- The development of a new Local Plan setting out our spatial and infrastructure priorities for the future (scheduled for final agreement in autumn 2017).

In addition, teams and services within the council will develop team and service plans for 2016/17 which will be focussed around delivering the Priority Outcomes above.

During 2016/17 the council will also be reviewing its Medium Term Financial Strategy to develop a new three year budget plan to take the council through to 2019/20. In order to find savings of the order required, the council will need to look in detail about how its current spend relates to the Priority Outcomes identified in this Strategic Plan. Our aim will be to ensure that every pound of taxpayers' money is spent in the best way possible to ensure delivery of these key outcomes and we will rigorously test our expenditure and budget plans against this ambition.

# Measuring our Performance

The council will use a basket of performance measures to track whether we are delivering on our priorities.

For the Strategic Plan 2016-19 it is proposed that we set some key Outcome Measures which relate to the agreed Priority Outcomes. Where possible these will relate to high level outcomes for local people, including measures of their satisfaction with the council and the local area.

In addition, we will identify a number of Supporting Measures, which may be output measures which contribute to an outcome and can be more regularly monitored or are more operational in nature.

A provisional list of measures is set out below. Further work will be undertaken, as part of the development of the Strategic Plan Delivery Plan, to finalise the indicators which will best enable us to track progress in relation to our Priority Outcomes, both in terms of high level Outcome Measures (O) and the Supporting Measures (S).

## Creating opportunity by supporting aspiration and tackling poverty

A dynamic local economy with high levels of growth benefiting us

Rate of new business registrations (O)  
Number of businesses supported through Council activities (S)

More residents in good-quality, well-paid jobs

Employment rate (gap between LBTH and London average) (O)  
Job starts for Tower Hamlets residents supported by Skillsmatch (S)

Young people realising their potential

Excess weight in 4-5 year olds (O)  
Breastfeeding at 6-8 weeks (S)

Measure(s) relating to adoption / permanency (tbc) (S)  
Educational attainment of looked after children (S)

EYFS Early Years Achievement – proportion of children achieving a good level of development (S)  
Gap between the lowest achieving 20% in EYFS and the rest (S)  
Proportion of children achieving 5 A\*-C grades including English and maths grades at GCSE (S)  
Average point score per A Level Student (FTE) (S)  
Proportion of young people not in education, employment or training (NEET) (S)

Outcomes for children and young people with special educational needs (detail tbc) (S)

## More people living healthily and independently for longer

Adult Social Care user satisfaction (O)  
Adult Social Care carer satisfaction (O)  
Number of carer assessments (S)  
Proportion of people over 65 receiving long term support (S)

Smoking cessation (4 week quit rate per 100,000 population) (S)  
Cancer diagnosed at early stage (S)  
Population healthy life expectancy (O)  
Self-reported happiness (sense of wellbeing) (O)  
Avoidable hospital admission rates (S)

Number of people with mental health problems in employment (S)

## Reducing inequality and embracing diversity

Single Equality Framework priority measures - reducing inequality gap measures to be developed e.g.

- Employment gap for women and BME (O)
- Attainment Gap for White British Children (S)
- Workforce diversity of senior managers (S)

## Creating and maintaining a vibrant, successful place

Overall satisfaction with the area as a place to live (O)

## An improved local environment

Levels of street and environmental cleanliness: litter / detritus / graffiti / fly-posting (S)  
Proportion of household waste sent for reuse, recycling and composting (S)  
Proportion of residents who rate parks and open spaces as good, very good or excellent (O)  
Improved air quality (S)

## Better quality homes for all

Number of affordable homes delivered (S)  
Number of social / affordable rented housing completions for family housing (S)  
Number of affordable units provided as wheelchair accessible or adaptable (10% of affordable homes delivered) (S)

Proportion of non-Decent Homes (S)

Number of households who considered themselves homeless, who approached the local authority's housing advice service(s), and for whom housing advice casework intervention resolved their situation (S)

Number of households living in temporary accommodation (S)

Number of homeless households in B&B >6 weeks (S)

Number of lets to overcrowded households (S)

Less crime and ASB

Total Notifiable Offences / Borough crime reduction (O)

Extent to which residents feel the police and other local services are successfully dealing with ASB (O)

Local Concern about ASB and Crime (O)

Engaged, resilient and cohesive communities

Council involves local people in decision making (O)

Residents feel able to influence decisions in their local community (O)

Council listens to concerns of local people (O)

Proportion of people from different backgrounds who get on well together (O)

Proportion of users who rate libraries/Idea Stores as good, very good or excellent (S)

A transformed council, making best use of resources and with an outward facing culture

Staff survey measures tbc (S)

Channel shift measures tbc (S)

Number of working days / shifts lost to sickness absence per employee (S)

Proportion of residents agreeing that the council is doing a good job (O)


Customer access overall satisfaction (S)

Percentage of non-domestic rates collected (S)

Percentage of Council Tax collected (S)

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<b>Cabinet</b> 2 February 2016	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Will Tuckley, Chief Executive	<b>Classification:</b> Unrestricted
<b>Best Value Plans – Draft 6 month update report</b>	

<b>Lead Member</b>	<b>Mayor John Biggs</b>
<b>Originating Officer(s)</b>	Kevin Kewin, Interim Service Head, Corporate Strategy and Equality
<b>Wards affected</b>	All wards
<b>Community Plan Theme</b>	<b>All</b>
<b>Key Decision?</b>	Yes

### Executive Summary

This report provides an early working draft of the six month progress update on the Best Value Action Plans which respond to the Secretary of State's Directions.

### Recommendations:

The Mayor in Cabinet is recommended to:

1. Agree the draft six month progress update (Appendix 1) prior to the submission to the Secretary of State by 17th March 2016
2. Note that the progress report will be updated to reflect the latest position before submission to the Secretary of State.

## **1. REASONS FOR THE DECISIONS**

- 1.1 The Council is required to monitor these plans to comply with Secretary of State Directions.

## **2. ALTERNATIVE OPTIONS**

- 2.1 The Council is required to comply with Secretary of State Directions.
- 2.2 The actions within the plans have been the subject of consultation with a range of parties and the Commissioners which has considered alternative options.

## **3. BACKGROUND**

- 3.1 Following a Best Value Inspection undertaken by Price Waterhouse Coopers during 2014, the Secretary of State for Communities and Local Government issued the Council with Directions on 17<sup>th</sup> December 2014. The Directions focused on particular areas which had been the subject of the Best Value inspection – grants, procurement, property disposals and some elements of publicity spend.
- 3.2 One of the Directions required the Council to draw up and agree with the Commissioners a strategy and action plan for securing the Authority's compliance with its best value duty. In discussion with the Commissioners it was agreed that the Council's current arrangements for securing best value including our strategic and resource planning and performance management systems were robust. The requirement was for us to develop improvement plans in the particular areas which had been the subject of the PwC inspection, plus additional plans around elections, recruitment of statutory officers and organisational culture.
- 3.3 There are seven key elements to the Plan:
1. Procurement Action Plan
  2. Grants Action Plan
  3. Property and Disposal Action Plan
  4. Communications Action Plan
  5. Organisational Culture Action Plan
  6. Recruitment of statutory officers
  7. Elections Action Plan
- 3.4 The action plans were agreed with the Commissioners, and submitted to the Secretary of State in March 2015 as required. As part of the Directions, the Council is required to produce and submit to the Secretary of State 6 monthly update reports. The first 6 monthly update report was agreed with the Commissioners and submitted to the Secretary of State in September 2015. The secondly 6 monthly update will be submitted in March 2016.

- 3.5 Whilst the second 6 monthly report is not required for submission to the Secretary of State until mid-March, the Council is seeking agreement of the report by Cabinet in February. This is to allow sufficient time for responding to comments and the political approval process. It is proposed that the report is updated at key points prior to submission to the Secretary of State in order to ensure that it reflects the latest position. It is proposed that any changes to reflect updates are delegated to the Chief Executive in discussion with the Mayor and Commissioners.

#### **4 PROGRESS WITH DELIVERY**

- 4.1 Progress with delivering the plans has been strong. The first six monthly update on the council's progress in delivering its Best Value Plan was submitted by the Mayor to the Secretary of State in September 2015. The Secretary of State in his letter responding to the Mayor of 29<sup>th</sup> October welcomed the progress that had been made and, in recognition of this progress, allowed the Direction giving the Commissioners additional powers related to governance and financial management to expire at the end of October. He also reiterated the ongoing importance of driving and embedding cultural change and of ensuring improvement plans are outcome focused with clear timelines and milestones.
- 4.2 As part of the first 6 monthly update report, the council confirmed completion of all of the activities within the Action Plan for Recruitment (6) which related to the council making permanent appointments to the three statutory posts of Corporate Director of Resources, Director of Law Probity and Governance (Monitoring Officer) and Chief Executive. The Commissioners had previously written to the Mayor confirming that they were content that the actions required in relation to recruitment had been substantially discharged. As noted in that letter, the Mayor will in due course consider what delegated authority should be conferred to the Chief Executive and at that point this Direction will be fully discharged. The LGA have provided examples of delegation schemes from a range of authorities with Mayoral models. These will be reviewed by the Mayor and the Chief Executive and discussions arranged with those authorities and the Monitoring Officer, as appropriate.
- 4.3 The Elections Plan focused primarily on the delivery of the elections in May and June 2015, and the first 6 monthly update made clear that the agreed actions had been completed. A report detailing lessons learned from the elections held in 2015 was considered by the Best Value Board which identified the challenges ahead in ensuring the success of future elections as resources available to the council and the police are limited. The Chief Executive has been appointed as the new Returning Officer and has welcomed the recommendations in the report. The Chief Executive is a member of the London's Election Management Board and their support will be sought as required. While the elections team is currently focused on electoral registration as part of IER, planning for the 2016 London Assembly and Mayoral election is well underway. This, plus a European referendum by 2017 will provide an opportunity to test and refine the Borough's approach to

elections management as well as facilitating good working relationships in advance of the Borough and mayoral elections in 2018. An update on election planning will be considered by the Board later in the year.

- 4.4 Progress for the other plans continues to be regularly monitored with the Commissioners through the Best Value Board, which is now chaired by the Executive Mayor. The Board has undertaken in-depth spotlight reviews of each Plan since its inception and through this process proposed outcomes have been developed for each plan. Throughout the process of monitoring the plan, the Board have been kept informed of, and approved reasons for, any change of target date for particular actions. This has been kept to a minimum – the Board is asked to formally confirm their agreement to revised deadlines, and revised deadlines are made clear within the monitoring report.
- 4.5 Most of the actions within the Best Value Plans are now complete. Monitoring is undertaken on a monthly basis and focuses on those areas which are still to be delivered. The latest monitoring position is provided in appendix 1. The draft report provides the latest position at the current time (December / January) and will be updated as appropriate before submission at the six month point (March). In addition to the progress already made, there is a number of significant milestones on-track for completion by May 2015. This includes all outstanding actions within the Procurement and Property Action Plans, the development of a new Voluntary and Community Sector Strategy and compliance with the code of recommended practice on local authority publicity.
- 4.6 This second 6 monthly update report reflects a greater focus on outcomes. For each section of the plan there is a narrative Progress Summary with a specific focus on outcomes and on priority workstreams to drive these outcomes, with clear milestones and timelines for these.
- 4.7 The council is keen to embed and align activity from the best value plan within our mainstream planning processes. We have developed an Outline Strategic Plan (2016 – 2019) which sets out a clear refreshed vision for the council including a clear set of priority outcomes against the backdrop of our medium term financial plan challenges and a set of emerging transformation principles.
- 4.8 A Strategic Plan Delivery Plan will come into force from April 2016. We will ensure that outstanding activity relating to the best value plan is reflected within the Strategic Plan.
- 4.9 In addition to this monthly monitoring, the Best Value Action Plan has been subject to an internal audit exercise of a programme of compliance testing. This audit provides assurance to management that the actions agreed within the BV plans have been implemented and that reports to the Commissioners and the Secretary of State on progress against the Action Plans are accurate. Compliance testing has been undertaken on the key actions contained in the Procurement action plan and 'Substantial Assurance' has been assigned. The

audits for Property, Communications and Grants will be completed shortly and reported to the Best Value Board.

#### Summary Update by Action Plan

##### *Procurement*

- 4.10 There has been considerable progress over the past 6 months. This includes implementation of a new procurement operating model, completion of a new Supplier Ethical Code of Conduct and publication of an Annual Procurement report. The report highlights a number of areas where revised deadlines have been agreed. This includes additional work to broaden the initial intention of a new Procurement Strategy to become a corporate Commissioning and Procurement Strategy.
- 4.11 The council is moving beyond the specific and immediate actions set out in the Procurement Action Plan, the majority of which have been delivered, towards a Procurement Transformation Programme. This is being developed around 3 clear outcome areas, milestones for which are set out in the narrative accompanying the action plan:
- Delivering savings and ensuring compliance and value for money;
  - Modernising procurement; and
  - Supporting local economies

##### *Grants*

- 4.12 Over the last 6 months a number of key actions have been completed. This includes completion of service agreements with providers as part of the Mainstream Grants Programme; consolidation all 3<sup>rd</sup> Sector grant giving, monitoring and evaluation into one service; and improvements to grant approval processes. Work to better evaluate the impact of grant programmes is taking place and is now scheduled for completion in May rather than March 2016.
- 4.13 Over the next few months, there will be a strong focus on finalising a new Voluntary and Community Sector Strategy and establishing new governance arrangements, including ensuring that the priorities, knowledge and views of the Executive and non-Executive Members appropriately inform the grant making process.

##### *Property and Disposal*

- 4.14 Progress is strong against the agreed action plan. The Asset Strategy: Scoping, Principles & Priorities paper was adopted by Cabinet in December. The Asset Strategy sets a framework for how the Council will determine its ongoing and future property needs, and move to a more fit for purpose, effective and efficient estate for the future. It will initiate a series of workstreams which will include a high level operational property review. In addition, the Community Buildings: Allocation and Charging policy was agreed at December Cabinet. The policy sets out the principles underpinning council-

owned community buildings and the basis for charging including community benefit considerations. A property-by-property review of council-owned community buildings is taking place and the results will be presented to the Mayor in Cabinet.

- 4.15 One of the key challenges for the council will be the delivery of a new civic centre. The council purchased the Royal London Hospital site in February 2014 for this purpose and this site was confirmed as the preferred location by the Mayor in Cabinet in November 2015. Cabinet agreed to the procurement of a multi-disciplinary design team to progress the design development to detailed planning level.

#### *Communications*

- 4.16 Considerable work has been undertaken to address the issues raised in the Best Value report and in line with the agreed action plan. The review of communications undertaken by the Local Government Association has been completed. The recommendations from this review are being used to develop a new strategic communications plan.
- 4.17 Following discussion with the Commissioners, a Mayoral decision was taken on 5 January 2016 to confirm that the date by which the council would comply with the code of recommended practice on local authority publicity would be 18<sup>th</sup> May 2016. This will enable the council to pursue a managed transition from the current way of working to the delivery of the new communications model, taking into account the recommendations arising from the LGA review. An outline plan as to how this work will be taken forward is included within appendix 1. Several work streams are currently being developed, including in relation to Communications Vision and Strategy; Finance and Resources; Communications Channels; Digital Communications and Income Generation.

#### *Organisational Culture Action Plan*

- 4.18 The Commissioners' letter responding to our first six month progress report recognised the Mayor's commitment to cultural change. The Mayor and the new Chief Executive will continue to drive forward this work which goes beyond the specific actions within the Best Value Plan. To this end three priority workstreams have been developed. These are:
- Governance Review overseen by joint officer/cross-party member Working Group. This will also pick up the recommendations of external auditors in relation to the need for a review of the organisation's governance processes. As part of this, work is underway to refresh the council's whistleblowing policy, promote and communicate it widely and ensure there is clear management guidance to support its implementation;
  - Solace development work with members and senior officers which will culminate in a joint forum which will be used to develop a shared vision, outcomes and forward plan with milestones and timelines;
  - Organisational transformation - the Chief Executive and the CMT are bringing together the various strands that will define the shape of the organisation in the years to come.

- 4.19 In addition, the council is making strides in relation to greater openness. The Mayor's Transparency Protocol was agreed at November's Cabinet and the Overview and Scrutiny Committee's Transparency Commission reported in November.

## **5. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 5.1 There are no direct financial implications arising from the recommendations within this report.

## **6. LEGAL COMMENTS**

- 6.1 The Council is a best value authority within the meaning of Part 1 of the Local Government Act 1999. As a best value authority, the Council has an obligation under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness" (the best value duty).
- 6.2 Where the Secretary of State is satisfied that an authority is not meeting its best value duty, the Secretary of State may: (1) direct the authority to take action to bring itself into compliance with that duty; (2) direct that specified functions be carried out by the Secretary of State or a nominee and that the authority follow the Secretary of State's instructions and provide such assistance as may be required (Local Government Act 1999). In accordance with this power the Secretary of State gave directions to the Council on 17<sup>th</sup> December 2014, 29<sup>th</sup> April 2015 and 6<sup>th</sup> May 2015. By letter dated 23<sup>rd</sup> October 2015 from The Rt Hon Greg Clark MP confirmed that the Directions of 6<sup>th</sup> May 2015 lapsed on 31<sup>st</sup> October 2015. The directions are enforceable by the Secretary of State, who may seek an order in the High Court requiring the Council to remedy any breach. In the circumstances, it is appropriate for the Council to take steps to comply with the directions and to monitor its compliance with the directions.
- 6.3 The Best Value Strategy and Action Plan and Publicity Plan were approved by the Mayor and Cabinet on 4 March 2015 and subsequently agreed by the Commissioners and sent to the Secretary of State. This report relevantly informs members of progress and appropriately indicates that Cabinet approval will be sought before presenting the required update to the Department of Communities and Local Government.
- 6.4 When taking action in response to the directions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good

relations between persons who share a protected characteristic and those who do not (the public sector equality duty). Compliance with this duty has been a feature, to the extent relevant, of the Council's action in response to the directions.

## **7. ONE TOWER HAMLETS CONSIDERATIONS**

7.1 The Council needs to deliver its functions, including in relation to those elements transferred to the Commissioners through Direction, with due regard to equality and the need of groups with protected characteristics. Changes to the way in which the Council awards grants, contracts or disposes of property – particularly community buildings – and publicises its activity has the potential to impact on equality and cohesion in the borough. Any significant policy changes emerging from the improvement planning activity will be subject to an equality impact assessment.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

8.1 No specific environmental implications.

## **9. RISK MANAGEMENT IMPLICATIONS**

9.1.1 Delivering the actions within the Plans will mitigate risks to the Council in delivering best value, including in respect of grants, property and procurement decisions.

## **10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

10.1 No specific crime and disorder implications.

## **11. EFFICIENCY STATEMENT**

11.1.1 Through ensuring the council meets its best value duty, the plans will improve efficiency and effectiveness of the key functions covered within them.

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- NONE.



## **Appendices**

### **1. Best Value six monthly monitoring**

- **Procurement Action Plan**
- **Grants Action Plan**
- **Property and Disposal Action Plan**
- **Communications Action Plan**
- **Organisational Culture Action Plan**

## **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- None

## **Officer contact details for documents:**

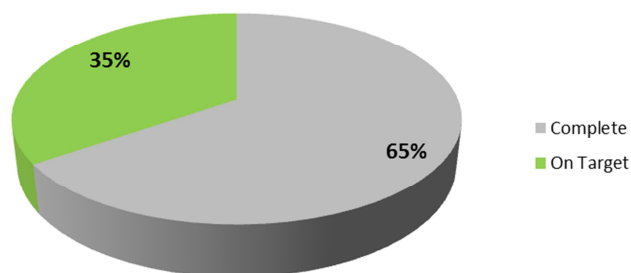
- Kevin Kewin, Interim Service Head, Corporate Strategy and Equality

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## Best Value Action Plan – Draft 6 month report

Best Value Area	Procurement	Overall Delivery Status GREEN
<b>Progress Summary</b>		
<p>The Best Value Procurement action plan supports a range of immediate improvements as well as the broader transformation of the council's procurement practices. The action plan has been developed with consideration of the wider reform of public sector procurement recently implemented through the new Public Procurement Regulations 2015, Local Government Transparency Code and the launch of the National Procurement Strategy 2015.</p> <p>The Procurement Action Plan has been structured around five key themes and will result in transforming the way the council undertakes procurement activities and engages with its suppliers. The five key themes are:</p> <ol style="list-style-type: none"><li>1. Strategy and Vision</li><li>2. Organisational Development</li><li>3. Governance, Systems and Procedures</li><li>4. Category Management</li><li>5. Commercial, Contracts and Risk Management</li></ol> <p><u>Key achievements</u></p> <p>Considerable work has already been completed to transform the council's procurement activity. This includes:</p> <ul style="list-style-type: none"><li>• Detailed analysis of all third party expenditure for the financial year 2014-15 completed to identify key categories of third party spend and establish a clear category management strategy to ensure value for money (VFM) for these categories of spend, reduce costs and oversupply.</li><li>• New Directorate Procurement Dashboards developed to identify opportunities for collaboration and savings from the council's third party expenditure.</li><li>• New central contracts register linked to contract award implemented to capture all contracts above £25,000 including all procurement waivers.</li><li>• New Supply Chain Ethical Code of Code developed to strengthen adherence to ethical standards by suppliers delivering public services on behalf of the council.</li><li>• New procurement training programme developed to improve procurement knowledge and skills across the organisation. Training completed by 220 officers at end of November 2015.</li><li>• New Central Procurement Service introduced to strengthen the role of corporate procurement and to deliver improved value for money from the council's third party expenditure.</li><li>• Improved Finance and Procurement controls introduced to increase compliance and transparency of spend across the organisation.</li><li>• New supplier risk management initiative introduced (pre and post appointment).</li><li>• Procurement Procedures refreshed to reflect changes introduced through the Public Contracts Regulations 2015 and further strengthen internal compliance.</li></ul> <p>The chart below provides a summary of the council's position on the implementation of the Procurement action plan.</p>		

### Procurement BV Action Plan



#### Broader Procurement Transformation

The recommendations and feedback from Commissioners have been considered and work is underway to incorporate these improvements as part of the wider Procurement Transformation Programme. Additionally, work has commenced in reviewing existing E-tendering solutions to ensure further streamlining of existing procurement practises and improved compliance on all third party expenditure.

#### Proposed Outcome Measures

The following set of outcome measures have been developed and will be used to track our progress in transforming procurement and ensuring that it provides value for money. An update is provided below:

OUTCOME	DATE	CURRENT STATUS
<b>Savings, Compliance and Value for Money</b>		
Refresh of procurement procedures, systems and governance resulting in minimal number of procurement waivers, full audit trails and central repository of all contracts over £5,000	April 16	<ul style="list-style-type: none"> <li>Review of existing procurement systems and procedures has been completed to ensure compliance with new Public Contracts Regulations 2015 and central visibility of all contracts.</li> <li>Conditions for the use of procurement waivers have been strengthened including reduction of existing waiver threshold. Revised procedures launched December 2015. Options appraisal for the automation of low value procurement activity (below £25,000) is underway. Report is scheduled for February CMT.</li> </ul>
Category Management strengthened and embedded resulting in increased transparency, reduced off-contract spend and savings opportunities from third party expenditure delivering excellent value for money.	April 16	<ul style="list-style-type: none"> <li>Following consultation with Competition Board and Financial Strategy Group a pilot Procurement Efficiency Group has been established with agreed terms of reference to achieve overall outcome.</li> <li>Chaired by the Head of Procurement, the membership consists of Directorate Finance Leads, Finance Compliance Manager and Procurement representative.</li> </ul>
<b>Modernising Procurement</b>		
New Central Procurement Service structure in place delivering effective compliance and efficient planned activity	Oct 16	<ul style="list-style-type: none"> <li>Central Procurement Service has been re-structured to strengthen its governance role and deliver improved category management and supplier and contract management function. New service structure launched and recruitment is underway to fill vacant post.</li> </ul>
Supplier and Contract Monitoring role implemented delivering more effective contract and supplier management to maximise the opportunities for additional cost savings and non-financial benefits	April 16	<ul style="list-style-type: none"> <li>New Supplier and Contract Management function incorporated as part of the new Central Procurement Service.</li> <li>A new supplier quality assurance system to monitor quality and supply performance has been incorporated as part of the new three year corporate</li> </ul>

		Procurement Strategy.
<b>Supporting Local Economies</b>		
Lean and efficient procurement practices to support greater take up by SMEs, including supplier briefing on all significant high value contracts.	April 16	<ul style="list-style-type: none"> <li>• Supplier briefing has been implemented on all procurement activity above the EU threshold and on selected procurement below the EU threshold.</li> <li>• Further improvement to existing e-sourcing activity has been proposed as part of the business case to automate all procurement above £5,000.</li> </ul>
London Living Wage - increased target each year from current performance of 80% of all applicable contracts.	April 16	<ul style="list-style-type: none"> <li>• Application of all London Living Wage is included on all appropriate contracts.</li> <li>• Performance is reported to Competition Board on a quarterly basis as well as through the annual procurement report.</li> </ul>
Community Benefits – employment and community benefits monitored and tracked to maximise benefits for local residents and demonstrate the impact achieved	April 16	<ul style="list-style-type: none"> <li>• Monitoring and tracking of benefits secured through new procurement is currently devolved to directorate contract managers with no central visibility on performance.</li> <li>• To be addressed through the new Central Supplier and Contract Management function and introduction of the new Supplier Quality Assurance System.</li> </ul>
<p>15 milestones have already been completed and are therefore are not included. The remaining 11 are shown below.</p>		

Best Value: Procurement Action Plan BVPRP – Draft 6 month report						
Strategy and Vision						
Action / Recommendation		Lead				
New Procurement Strategy		Zena Cooke / Zamil Ahmed				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
New three year Procurement Strategy to go live from January 2016.	Zena Cooke / Zamil Ahmed	Apr-16	On Target	70%	<p>The draft Procurement Strategy was developed and reviewed by the Council's Strategic Competition Board on 01/09/2015.</p> <p>A Commissioning and Procurement workshop with the Mayor and Cabinet was held in November to inform new strategy. Key actions identified as part of the workshop, including the need for the strategy to cover commissioning and procurement. Revised target date agreed (from December 15) at the 16<sup>th</sup> December BV Programme Board.</p>	Proposals on the key actions identified at the commissioning and procurement workshop to be developed. The draft procurement strategy to be revised to become a corporate Commissioning and Procurement Strategy.

Organisational Development						
Action / Recommendation		Lead				
Leadership and strategic alignment of procurement with Finance Director/s151 Officer, Executive and elected member champion for procurement		Zena Cooke / Zamil Ahmed				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
New procurement training programme for elected members	Zamil Ahmed	Apr-16	On Target	50%	Training options around the scope and delivery have been assessed to incorporate new Public Contracts Regulation 2015 and internal governance process. Revised target date agreed (from December 15) at the 16 <sup>th</sup> December BV Programme Board.	Member training to be developed to reflect the Commissioning and Procurement Strategy.
Action / Recommendation		Lead				
Clear audit trails in place for all procurement activity in accordance with the Procurement Procedures		Zena Cooke / Zamil Ahmed				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Review of existing Procurement thresholds to comply with Transparency Code requirements	Zena Cooke / Zamil Ahmed	Apr-16	On Target	50%	Review completed. Revised target date agreed (from Jan-16) at the 16 <sup>th</sup> December BV Programme Board.	Proposals with recommendations to be presented to CMT in February 2016.
Automate all procurement over £5k through the e-tendering portal and publish	Zena Cooke / Zamil Ahmed	Apr-16	On Target	50%	Business Case has been developed. Revised target date agreed (from Jan-16) at the 16 <sup>th</sup> December BV	Proposals with recommendations to be presented to CMT in

as part of Transparency Code					Programme Board.	February 2016.
Link to central contracts register	Zena Cooke / Zamil Ahmed	Jan-16	Complete	100%	Link to central contracts register has been made available on the intranet and published through the London Contracts Register Service. Details of directorate contracts are reported through the quarterly procurement dashboards.	
Declaration of interest from staff involved in the procurement process centrally captured	Zena Cooke / Zamil Ahmed	Jan-16	Complete	100%	Included in the revised procurement procedures and through the HR System.  Procurement Initiation Form has been revised to ensure central compliance monitoring and sponsor sign off.	
<b>Action / Recommendation</b>	<b>Lead</b>					
Availability of signed contracts	Legal Services/Procurement					
<b>Milestone</b>	<b>Lead</b>	<b>Deadline</b>	<b>Status</b>	<b>% Comp</b>	<b>Action to Date</b>	<b>Action planned and risks</b>
Undertake a review of the current status on signed contracts	Legal Services / Procurement	Apr-16	On Target	20%	Initial consideration of the options for the review at Strategic Competition Board completed.	Review of current status to be undertaken as part of the business case for the overall e-sourcing improvement programme.
Explore the possibility to deliver contracts by electronics means (e-tendering) to create a central repository of signed contracts	Legal Services / Procurement	Apr-16	On Target	20%	The options as presented at the BV Programme Board are being considered	An options appraisal will be completed in line with the actions agreed at the Board meeting.



<b>Action / Recommendation</b>	<b>Lead</b>					
Partnering and Collaboration	Competition Board / Zamil Ahmed					
<b>Milestone</b>	<b>Lead</b>	<b>Deadline</b>	<b>Status</b>	<b>% Comp</b>	<b>Action to Date</b>	<b>Action planned and risks</b>
All significant procurements are assessed pre-procurement to identify the optimum route to market	Competition Board / Zamil Ahmed	Mar-16	<b>On Target</b>	20%	Implemented as part of the Tollgate Process. An analysis of all contracts expiring during 2016-18 has been completed to examine options for collaborations and to initiate early market engagement to examine options.	The assessment of all significant procurements will be undertaken as an on-going rolling programme
<b>Action / Recommendation</b>	<b>Lead</b>					
Develop a corporate approach to contract management to ensure best value and effectiveness from supply chain through better relationship management	Zena Cooke / Zamil Ahmed					
<b>Milestone</b>	<b>Lead</b>	<b>Deadline</b>	<b>Status</b>	<b>% Comp</b>	<b>Action to Date</b>	<b>Action planned and risks</b>
Integrate contract management within the Council's procurement and commissioning models	Zena Cooke / Zamil Ahmed	Apr-16	<b>On Target</b>	20%	The terms of reference for Strategic Competition Board and Competition Planning Forum have been updated and agreed at SCB meeting. New central Commercial and Contracts Monitoring role has been factored into the new procurement structure to lead on the implementation of the new Contract Management toolkit.	The recruitment of the Commercial and Contracts Manager post should be completed by February. The implementation of the new Contract Management toolkit and the integration of

					Revised target date agreed (from Jan-16) at the 16 <sup>th</sup> December BV Programme Board to enable completion of the recruitment exercise.	contract management will be undertaken by the post holder
Implementation of a contract management procedure /toolkit to facilitate contract monitoring to ensure consistency on contract management, performance and raise the standard of contract management across the Council	Zena Cooke / Zamil Ahmed	Apr-16	<b>On Target</b>	40%	Development of a new Contract Management Toolkit is underway to achieve the overall milestone. New central Commercial and Contracts Monitoring role has been factored into the new procurement structure to provide a central contract management support function and development of a new Supplier Quality Assurance Framework. Revised target date agreed (from Jan-16) at the 16 <sup>th</sup> December BV Programme Board.	The recruitment of the Commercial and Contracts Manager post should be completed by February. The implementation of the new Contract Management toolkit and the integration of contract management will be undertaken by the post holder.

<b>Best Value Area</b>	<b>Grants</b>	<b>Overall Delivery Status: GREEN</b>
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**Progress Summary**

Considerable work has been undertaken to review and develop new approaches to and processes for grant giving with the Commissioners. The proposals being developed include input from the Mayor and Deputy Mayor for Third Sector and take account of the involvement of Overview and Scrutiny Committee. Delivery against the Grants Action Plan continues to be strong.

*Mainstream Grants (MSG)*

The new Mainstream Grants Programme has been agreed and officers have finalised Grant Offer letters for the 131 projects. Officers are also ensuring rigour and robustness through a service level agreement negotiation process to provide assurance that projects deliver against agreed targets, particularly in relation to locality and equalities.

*Grant Schemes*

The council is adopting a more strategic and coordinated approach to grant management more generally. A Corporate Grants Register which brings together all key schemes across the Council has been developed. Work to ensure that the Council's grant arrangements are joined-up will be supported by a new consolidated grants service. Progress to date includes publication of a TH Grants Officers' Manual, improvements to monitoring arrangements and a schedule of risk based audits.

*Governance*

Under the Secretary of State's Directions, grant making is a Commissioner function. It is also recognised that existing grant schemes are currently subject to different development arrangements. A key priority over the next few months is to develop and agree appropriate governance, including how to ensure that the priorities, knowledge and views of the Executive and non-Executive Members inform the grant making process. The role of the Overview and Scrutiny Committee in relation to grants is also being defined as part of a wider review of the Committee's role.

*Transparency*

Work to improve transparency in relation to grants is on track, including with grant decision making taking place in public. In addition, a new public Grants Information Portal will enable access to a comprehensive range of information including at organisation and project level.

*Community & Voluntary Service Strategy*

The Council's existing Third Sector Strategy is being refreshed. The review provides an opportunity to ensure that the sector's role is aligned with, and supports the delivery of the council's, and partnership's key priorities. The draft strategy has been the subject of extensive consultation with the sector, THCVS, Members and officers and the action plan will be co-produced with the sector based on the outcome of the consultation. The strategy will be considered by the Mayor in Cabinet in April 2016.

*Potential Outcome Measures*

Better understanding the impact of grants and the outcomes they deliver is central to delivery of the Grants Action Plan. Improved monitoring arrangements and an independent evaluation of grant making are being developed to support this.

Performance measures are being clearly set out for each grant scheme. For example, in relation to MSG there are clear outcome measures for each theme. In addition, there will be a rolling, independent evaluation of grants to the third sector. This work will help identify, in a meaningful way, change that is attributable to specific grant work and inform the council's strategy for working with the voluntary and community sector going forward.

A significantly improved Grant Offer letter has been developed in order to ensure the delivery and capture of targeted output and outcome measures. A detailed report on monitoring processes and

arrangements was presented to the Performance Review Group on 26 October 2015. The MSG evaluation framework has now been completed and an independent organisation is currently being procured to undertake the evaluation. Additionally, all new grant programmes such as the revised and refreshed Tower Hamlets Community Fund and Community Buildings Support Scheme will have clear performance measures identified prior to launch with an evaluation framework built in from the start.

17 milestones have already been completed and are therefore not included. The remaining 18 are shown below.

Best Value: Grants Action Plan – Draft 6 month update report						
Strategy and Delivery						
Action / Recommendation		Lead				
Ensure service continuation pending agreement of new Mainstream Grants Programme		Zena Cooke				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Review of 2012/15 reported to Corporate Management Team, Cabinet and Overview and Scrutiny Committee (O&S)	Zena Cooke	Jun-16	On Target	55%	The specification and tender documentation has been produced to procure an independent organisation to evaluate the 2012/2015 programme.	The opportunity to bid for the evaluation work is being advertised in early January 2016. The successful bidder will be appointed in early February and the evaluation work will be completed by end of May 2016.
Action / Recommendation		Lead				
Deliver 2015-18 Mainstream Grants Programme		Zena Cooke				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Completion of service agreements with providers	Zena Cooke	Dec-15	Complete	100%	Officers have now completed all but one of the 131 Grant Agreements for the MSG 2015/18 Programme in line with the decision of the 29th July	Discussions to conclude the one remaining agreement are progressing but are linked to the organisation securing other external funding. The

Best Value: Grants Action Plan – Draft 6 month update report						
					Commissioners Meeting In Public.	agreement should be finalised by the end of January.
Action / Recommendation		Lead				
Bi-Annual Update of Community and Voluntary Service Strategy		Kevin Kewin / Zena Cooke				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Review all existing grant regimes (and other forms of aid) and their alignment to emerging Community Plan and Strategic Plan priorities, MTFP, voluntary sector compact and other key strategies	Kevin Kewin / Zena Cooke	Mar-16	On Target	75%	Officers across the Council are reviewing grant regimes and mapping them to Community Plan and Strategic Plan priorities. Source data to inform this exercise has been taken from the council's Grants Register.	The review should be completed by the end of January. The information will be presented to CMT with options on how to consolidate grant making across the Council.
Consultation and engagement on priorities for 3 <sup>rd</sup> sector	Kevin Kewin / Zena Cooke	Mar-16	On Target	50%	Consultation sessions have been held with officers, the THVCS and Members of the council, to inform the draft Voluntary and Community Sector Strategy.	The consultation period for the draft strategy will end in early February and feedback from the consultation will be used to inform the final draft that will be presented to Cabinet in April 2016. The strategy action plan will be outcome based and co-produced with the sector.

<b>Best Value: Grants Action Plan – Draft 6 month update report</b>						
Market assessment for alternative service providers	Kevin Kewin / Zena Cooke	Mar-16	<b>On Target</b>	20%	The draft strategy highlights the need to map all service providers across the borough.	Market assessment for alternative service providers will be undertaken as a key action within the strategy action plan.
Report to Commissioners/ Cabinet (post Directions)	Kevin Kewin / Zena Cooke	Mar-16	<b>On Target</b>	-		The report will be presented to the Commissioners and Cabinet.
Governance Arrangements						
<b>Action / Recommendation</b>						
	<b>Lead</b>					
Improve grant approval processes	Zena Cooke / Everett Haughton					
<b>Milestone</b>	<b>Lead</b>	<b>Deadline</b>	<b>Status</b>	<b>% Comp</b>	<b>Action to Date</b>	<b>Action planned and risks</b>
Ensure clear specifications, outputs and outcomes in advance, which differentiate between capacity building, innovative pilots and mainstream service delivery	Zena Cooke / Everett Haughton	Dec-15	<b>Complete</b>	100%	Grants Register completed and MSG specifications and outcomes delivered.	
Codify all grant appraisal and approval processes in one compact compliant framework	Zena Cooke / Everett Haughton	Dec-15	<b>Complete</b>	100%	Grants appraisal and approval processes codified in compact compliant framework.	

Best Value: Grants Action Plan – Draft 6 month update report						
Action / Recommendation		Lead				
Ensure and embed open and transparent of decision-making		Zena Cooke / Matthew Mannion				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Develop Mayor and cross-party consultation and review forum	Zena Cooke / Matthew Mannion	Mar-16 (Oct-15)	Revised Date Proposed	50%	Proposals to use the Overview and Scrutiny Committee as the cross party consultation and review forum have been discussed with the Mayor, the Deputy Mayor and the Chair of Overview and Scrutiny and will form part of the wider considerations of the work of Overview and Scrutiny Committee. A revised date for completion is proposed.	The wider review of Overview and Scrutiny's work programme will include the proposals for the Committee being the cross party consultation and review forum for grants. Proposals for the Mayor or his delegate to chair the governance arrangements for grant making (decisions in public meetings which will continue) will be developed for consideration by the Mayor and the Commissioners.



Action / Recommendation		Lead				
Develop robust evaluation of impact of grant programmes		Zena Cooke				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Annual review of approvals, outcomes and developments to CMT, Cabinet and Overview and Scrutiny Committee for all grant supported activities	Zena Cooke	May-16 (Mar-16)	Revised Date Proposed	75%	<p>The specification and tender documentation has been produced to procure an independent organisation to evaluate the 2012/2015 programme.</p> <p>The wider evaluation of Council Grants including that of the 2015/18 MSG Programme is included within the evaluation specification. A revised date for completion is proposed.</p>	The opportunity to bid for the evaluation work is being advertised in early January 2016. The successful bidder will be appointed in early February and the first phase evaluation work will be completed by end of May 2016 and will then be conducted annually thereafter.
Programme evaluations commissioned for all grant regimes	Zena Cooke	May-16 (Mar-16)	Revised Date Proposed	75%	<p>The specification and tender documentation has been produced to procure an independent organisation to evaluate the 2012/2015 programme.</p> <p>The wider evaluation of Council Grants including that of the</p>	The opportunity to bid for the evaluation work is being advertised in early January 2016. The successful bidder will be appointed in early February and the first phase evaluation work will be completed by end of May 2016 and will then be conducted

					2015/18 MSG Programme is included within the evaluation specification. A revised date for completion is proposed.	annually thereafter.
<b>Action / Recommendation</b>						
	<b>Lead</b>					
Review arrangements post Commissioners for future executive decision-making	Zena Cooke					
<b>Milestone</b>	<b>Lead</b>	<b>Deadline</b>	<b>Status</b>	<b>% Comp</b>	<b>Action to Date</b>	<b>Action planned and risks</b>
Establish cross party working group to develop proposals for future arrangements	Zena Cooke	Mar-16 (Dec-15)	<b>Revised Date Proposed</b>	50%	Overview and Scrutiny Committee is the cross party forum that will consider proposals for future arrangements. A revised date for completion is proposed.	A new grants framework and decision making and consultative frameworks will be developed as part of the VCS strategy action plan.
Discuss proposals with Commissioners	Zena Cooke	Jul-16 (aim: May 16)	<b>On Target</b>	-	This and the related milestones below are on target. The intention is to complete prior to the deadline in May 2016.	
Agree proposals through Cabinet	Zena Cooke	Nov-16 (aim: May 16)	<b>On Target</b>	-	The intention is to complete prior to the deadline in May 2016.	
Briefing and training of members in relation to new proposals (Nov/Dec 2016)	Zena Cooke	Dec-16 (aim May 16)	<b>On Target</b>	-	The intention is to complete prior to the deadline in May 2016.	

Management Arrangements						
Action / Recommendation		Lead				
Ensure cost-effective management structures in place for new grant arrangements		Zena Cooke				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Consolidate all 3 <sup>rd</sup> Sector grant giving, monitoring and evaluation into one service	Zena Cooke	Oct-15	<b>Complete</b>	100%	Report presented to CMT on 7th April 2015. Consolidation of resources in respect of MSG in line with the CMT report is in its final stages.  All MSG administration and monitoring work has now been centralised for the new programme. The service has now been transferred to Resources Directorate, effective from 1 <sup>st</sup> November 2015.	

Action / Recommendation		Lead				
Improve Monitoring Arrangements	Zena Cooke / Everett Haughton					
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Training and development of staff on standard procedures and sign-off of monitoring visits	Zena Cooke / Everett Haughton	Dec-15	Complete and Ongoing	100%	The training and development of staff has been completed and is ongoing to ensure staff remain up to date in terms of their knowledge and skills.	The Grant Officers' Manual will be updated as required  Systems, procedures and processes will be regularly reviewed and updated in order to meet the changing needs and requirements of the various grant schemes being administered and to ensure an ongoing process of improving grant monitoring and payment arrangements.
Undertake ongoing risk-based audit in conjunction with monitoring	Zena Cooke / Everett Haughton	Dec-15	Complete and Ongoing	100%	Internal Audit have undertaken risk based audits and continue to provide ongoing support and advice which enables the Third Sector Team to improve its business assurance role.	A new post within the proposed restructure of the Third Sector Team will be responsible for business assurance functions across the range of grant schemes administered by the team.

Best Value Area	Property	Overall Delivery Status GREEN
<b>Progress Summary</b>		
<p>The council owns, occupies or maintains around 860 non-HRA properties, valued at £1bn, located within the borough. The council also owns around £800m of HRA properties (the housing element is managed and maintained by Tower Hamlets Homes, the council's arms-length management organisation) as well as a further £50m of community assets. Considerable progress has been made to deliver the Property Best Value Plan – the majority of actions are complete.</p>		
<p>Officers have established a positive and constructive working relationship with the Commissioners. This includes regularly fortnightly meetings (when required) and a process for securing the Commissioners' prior written consent for disposing of, or otherwise transferring to third parties, real property.</p>		
<p>The disposals and lettings protocol was adopted by Cabinet in April 2015 and the s151 officer also refreshed the financial instructions relating to the disposal of assets. These are now aligned. The application of the protocol and the instructions will be tested through the council's rolling programme of audits.</p>		
<p>The Mayor, in Cabinet, has approved the Community Buildings: Allocation and Charging policy as well as the Asset Strategy: Scoping, Principles &amp; Priorities paper. Both have been the subject of extensive discussion with the Commissioners and with Members. The adoption of the Asset Strategy has set out a framework for how the Council will determine its ongoing and future property needs, and move to a more fit for purpose, effective and efficient estate for the future. Officers will now deliver a series of workstreams which will include a high level operational property review.</p>		
<p>One of the key challenges for the service, but also for the Council, will be the delivery of a new civic centre. The council purchased the Royal London Hospital site in February 2014 for this purpose and this site was confirmed as the preferred location by the Mayor in Cabinet in November 2015. Cabinet agreed to the procurement of a multi-disciplinary design team to progress the design development to detailed planning level.</p>		
<p><b>Outcome measures</b></p>		
<p>Some of the high level outcomes, that the delivery of the property section of the best value action plan aims to achieve, are:</p>		
<ul style="list-style-type: none"> <li>• Own and occupy fewer buildings</li> <li>• Reduce running costs of our buildings</li> <li>• Maximise returns from income producing properties</li> <li>• Increase occupancy levels of our buildings</li> <li>• Maximise opportunities for co-location of services</li> <li>• Review assets to identify other possible uses (housing, education etc.)</li> <li>• Identify efficiencies in commercial estate management</li> <li>• Improve use of planning gain</li> <li>• Develop property information</li> </ul>		
<p>These outcomes will be tracked by the following measures:</p>		
<ul style="list-style-type: none"> <li>• Occupancy per M2</li> <li>• Quantity of shared floor space in M2</li> <li>• Total floor space in M2</li> <li>• Number of interests disposed of and capital receipts delivered</li> <li>• Positive decisions being made to retain and invest</li> </ul>		

- Positive decision being made to secure new property/long term assets
- Running costs per M2
- Total income per M2 from income generating assets
- Development of property information will enable targets to be set for:
  - o Improvements to average running costs
  - o Annual revenue savings
  - o Capital receipts that can be generated

24 milestones have already been completed and are therefore not included; the remaining 13 are shown below.

**Best Value: Property Action Plan – Draft 6 month report**

Policy and process for property disposal reviewed and updated

<b>Action / Recommendation</b>		<b>Lead</b>				
Compliance testing with revised protocols		Ann Sutcliffe				
<b>Milestone</b>	<b>Lead</b>	<b>Deadline</b>	<b>Status</b>	<b>% Comp</b>	<b>Action to Date</b>	<b>Action planned and risks</b>
1. Undertaken through the planned audit process	Ann Sutcliffe / Minesh Jani	Mar-16	On Target	20%		To be considered as part of any planned audit reviews which are then reported to Audit Committee. Original deadline of May 2015 was revised to March 2016 following discussion with Commissioners.
2. As part of the reporting process on each project confirmation of compliance with revised guidance	Ann Sutcliffe	Mar-16	On-going	N/A	This is currently produced when Commissioners are asked to take decisions on individual decisions.	To be included as part of any recommendation report on bids/tenders.

Review and clarification of community buildings allocation policy						
Action / Recommendation		Lead				
Community Buildings Policy - Lettings and Charging Policy (draft status)		Ann Sutcliffe				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Report to AMCB	Ann Sutcliffe	Nov-15	Completed	100%	Went to Asset Management Working Group on 12 <sup>th</sup> November and Asset Management Board on 11 <sup>th</sup> December.	Dates were revised following discussion with Commissioners to ensure the interface between community buildings and grants is taken into account. Original deadline of May 2015.
Lead Member/Commissioner review and input	Ann Sutcliffe	Nov-15	Completed	100%	Lead Member (and Mayor) consulted in October 2015. Further discussions took place in November.  Also discussed with the Commissioners at the Best Value Programme Review Board on 18/11/2015.	
Cabinet/other approval	Ann Sutcliffe	Dec-15	Completed	100%	Approved by Cabinet on 01/12/2015.	



Action / Recommendation		Lead				
Compliance testing with new protocols		Ann Sutcliffe				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
1. Undertaken through the planned audit process	Ann Sutcliffe	Mar-16	On Target			
2. As part of the reporting process on each project confirmation of compliance with revised guidance	Ann Sutcliffe	Mar-16	On Target		No community lettings have taken place since adoption of policy.	
Asset and Disposal Strategy						
Action / Recommendation		Lead				
Approval of the Council's Asset Strategy. Seek endorsement of disposal policy of surplus assets		Ann Sutcliffe				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Cabinet/other approval	Ann Sutcliffe	Dec-15	Completed	100%	Adopted by Cabinet on 1 <sup>st</sup> December.	Original deadline of July 2015 was revised following discussion with Commissioners.

Action / Recommendation		Lead				
Review and agree disposal programme for the next three years as part of an Asset Strategy Workstream		Ann Sutcliffe				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
4. Cabinet/other approval	Ann Sutcliffe	Dec 15	Completed	100%	Asset Strategy was adopted by Cabinet in December 2015. Disposals programme to be developed on a rolling basis following property and service challenges.	Original deadline of June 2015 was revised following discussion with Commissioners.
Action / Recommendation		Lead				
Consider the introduction of an asset rental account (following implementation and embedding of Corporate Landlord Model)		Ann Sutcliffe				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
1. Consider paper at AMCB	Ann Sutcliffe	Feb-16 (Oct-15)	Revised date proposed	-	As the Asset Strategy has now been adopted by Cabinet, this action can be taken forward. A revised deadline for completion is proposed for this and related milestones below.	To be considered as part of the workstreams identified in the Asset Strategy and as part of the relocation of the Town Hall functions. Original deadline of September 2015 was revised to October 2015 following discussion with Commissioners.

2. Consult directorates	Ann Sutcliffe	Feb-16 (Nov-15)	As above	-	As part of the AMCB meeting. As above	To be considered as part of the workstreams identified in the Asset Strategy and as part of the relocation of the Town Hall functions.
3. Report to CMT (and MAB, Cabinet if appropriate)	Ann Sutcliffe	May-16 (Dec-15)	As above	-	As above	To be considered as part of the workstreams identified in the Asset Strategy and as part of the relocation of the Town Hall functions.
4. Report back to Commissioners	Ann Sutcliffe	May-16 (Dec-15)	As above	-	As above	Meeting to be scheduled.

Best Value Area	Communications	Overall Delivery Status GREEN
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### Progress Summary

#### Achievements to date:

- Communications Protocol updated, agreed by CMT and promoted widely via internal communications channels;
- Training on Communications Protocol delivered to relevant Mayor's Office staff;
- Reminder about Communications Protocol disseminated to all staff and members in November 2015;
- Two reviews of East End Life undertaken exploring alternative methods for communicating;
- Notice given to providers to enable an interim reduction in frequency of East End Life with a move to fortnightly publication from January 2016;
- Competitive procurement of, and support for, a review of the Council's communications activity undertaken by the LGA in October/November;
- Roll out of the Print and Design framework. The majority of the council's marketing collateral now goes through Communications Service enabling us to achieve significant savings for the council as a whole;
- Digital Communications Strategy developed to support the emerging Digital Strategy;
- New Content Management System procured to improve access to, and user experience, of the council's website, and enable us to improve our SOCITM rating. New system launched in December 2015;
- Exploration of additional opportunities for income generation (these were fed into the communications review);
- Continued focus on engagement via social media, which has seen a significant increase in the numbers of residents engaging with us through Twitter, Facebook and Instagram; and
- Ongoing delivery of communications campaigns for directorates aligned with council and Mayoral priorities.

#### Measurable outcomes for existing work:

- 89 per cent positive/neutral coverage of the council in the media as assessed in our quarterly performance monitoring reports (subject to review, further to feedback from CMT) – **achieved**;
- 100 per cent of relevant Mayor's Office staff received training on Communications Protocol by end of August 2015 - **achieved**;
- Audit of compliance with Communications Protocol to provide substantial assurance - **audit to be undertaken during first half of 2016; audit of communications work against Best Value plan is being finalised**;
- Migration to new CMS underway as part of move towards becoming a digital council - **achieved**;
- Target of 10,000 Twitter followers by end of 2015 - **achieved**.

#### Next Steps/Planned activity (measurable outcomes)

- Development of a new strategic communications plan incorporating recommendations from the review of communications and ensuring alignment with Mayoral and Community Plan priorities. This will include plans for alternatives to weekly/fortnightly publication of East End Life, incorporate digital communications work and support the council's wider channel shift activities (**Outcome:** strategic communications plan agreed by CMT and Mayor with clear timelines, outputs and outcomes);
- Restructure of the Communications Service to deliver strategic communications plan and reflect priorities and focus for the council (**Outcome:** implementation of a new structure in line with the council's organisational change procedures);

- Following discussion with the Commissioners, a Mayoral decision was taken on 5<sup>th</sup> January 2016, to confirm that the date by which the council would comply with the code of recommended practice on local authority publicity would be 18<sup>th</sup> May. This will enable the council to pursue a managed transition from the current way of working to the delivery of the new communications model, taking into account the recommendations arising from the communications review undertaken by the Local Government Association (**Outcome:** managed transition from the current model of communicating with residents to the delivery of a new communications strategy and accompanying model for delivery.)
- Move to a more proactive approach to communications activity (council-wide) by improving the ways in which information is shared with Communications (subject to CMT agreement this could include Communications Advisors sitting on all DMTs)
- Improve evaluation of communications activity/effectiveness, with a focus on outcomes
- Audit of communications activity (resource, posts and spend) across council (aligned strategic communications priorities)

## **PLANNING FOR OUR TRANSITION TO CODE COMPLIANCE**

The council is following a project plan to manage its move towards a new communications model. This is being closely managed by the Mayor and Chief Executive, together with other members of the Corporate Management Team, to ensure that it meets the council's strategic objectives, is fit for purpose and represents value for money.

Several project streams are currently being developed, to feed into an overarching communications strategy, including:

### **Work stream: vision and strategy**

This work stream will identify the council's strategic communications priorities and campaigns to re-focus, streamline and shape the council's communications activities. Key to a more strategic approach is the development of resources to ensure any communications activity is aligned to objectives, insight and is evidence-based. The aim is to move away from a reactive model of working to a more strategic, planned way of working.

#### **Projects proposed include:**

- **Communications strategic narrative** – high-level document to establish the council's communications vision, development of a place-based narrative for the borough, strategic communication priorities and planned campaigns.
- **Target Operating Model** – agreement of diagrams and workflows that illustrate the desired new ways of working.
- **Research and insight resources development** – development of a library of resources or systems to ensure work is aligned to objectives, utilises customer insight and is evidence-based in approach.
- **Marketing audit** - audit of all marketing projects within the council to develop a roadmap of statutory obligations and priorities on a department level to aid with capacity planning and prioritisation of resources.

### **Work stream: Finance and resources**

This work stream will review the communications function's financial model and available resources, to ensure that the communications service is supported by the budget, systems and tools necessary to deliver the communications vision and to achieve best value. This includes the investment necessary to develop new platforms, channels and/or systems to deliver the council's vision, strategic priorities and target operating model and that an appropriate staffing model is in place to deliver the aspirations of the communications strategy.

#### **Projects proposed include:**

- **Comms budget review:** Review the communications budget to ensure all expenditure is correctly captured and aligned to cost centres and account codes.

- **Audit of communications resources across the council:** this includes a mapping of staff outside of communications delivering communications activity (already underway).
- **Systems and contracts review:** Review of systems and contracts such as media monitoring systems, marketing design and print systems and social media monitoring systems to ensure all critical systems are budgeted for.
- **Print savings:** ensuring that the Panacea system is utilised across the council to deliver cost-effective, best value print prices.

#### **Work stream – communications channels (including publications)**

This work stream will explore alternative models for communicating with residents via print and digital platforms, moving forward from the previous main method of communicating with residents, East End Life. This work stream will seek to ensure the council identifies a platform to engage with residents who prefer to receive printed publications and what these publications might look like (based on topic, targeted audience group or specific events).

##### **Projects proposed include:**

- **Consideration of East End Life as a quarterly publication:** looking at options for retaining the brand of East End Life as a quarterly publication or platform that could be sold to run as a community publication outside the council.
- **Consideration of a new quarterly publication:** moving away from the current brand and look/feel.
- **Linking with other work streams:** so that our communications channels enable us to deliver our strategic objectives, and recognising this may require the development of a pluralistic model of communicating i.e a variety of platforms, including digital, print (leaflets, publications and calendars) and wider engagement activities.

#### **Work stream – Digital communications**

This work stream builds upon the existing commitment towards a shift to digital communication, in line with the council's Digital Strategy. The council continues to seek to improve ease of use, accessibility and the overall digital experience for the council's customers and stakeholders. We have implemented a new Content Management System for our website which will enable us to streamline our online presence, be more interactive and offer more to visitors to the website. A key strand of this will be exploring the potential for targeted e-bulletins.

##### **Projects proposed include:**

- **Develop e-mail marketing system and approach:** to compliment campaigns or any print publications drawing upon the contact information for residents we hold as a council.
- **Consider options for building on existing app:** (FiFiLi or Find It, Fix It, Love It) and the potential for a council-wide smartphone app.
- **Develop and improve social media best practice:** building on the new social media policy recently agreed by CMT.
- **Exploring options for a new CMS for the council's intranet:** to improve staff engagement via digital platforms.
- **Development of an online photo library:** which will be a useful resource for residents, visitors, journalists and staff.

#### **Work stream – Income generation**

As part of the council's best value action plan for communications, options for trading and the potential for income generation with neighbouring boroughs were explored. This work can now be taken forward to utilise the expertise of existing staff and identify other options for income generation across the council and the borough, ensuring the council maximises its own assets.

##### **Projects include:**

- **Undertaking a council-wide asset audit:** to confirm existing revenue streams and identify possible new streams.
- **Considering how to meet the need of businesses/schools/colleges** who have regularly advertised through East End Life through alternative communications channels.

- **Support businesses and third parties:** to develop a portfolio of assets that we can offer to partners/business/third parties to promote their services and generate their own income and encourage visitors to the borough/promote tourism.

Other work streams, will also be considered by the Corporate Management Team and will be developed within the timeframes set out below.

### Outline programme plan

Objective	Activity	Delivery date
To establish a clear plan for transition to a new model of communicating with residents, businesses and visitors to the borough	Strategic/overarching programme plan finalised	31 January 2016
Ensuring Commissioners are informed about progress	Update on programme plan and development of communications strategy to Commissioners	Mid-February
Delivery of work streams under programme plan	Projects led by identified officers based on agreed objectives and reporting back to the Mayor and CMT	February - March 2016
Draw relevant work streams into a Communications Strategy to ensure the council meets the needs of residents, businesses and visitors to the borough	Communications strategy currently being developed, including appropriate resourcing required. To be discussed by CMT and the Mayor and finalised.	31 March 2016
New model for communications in place	This may require a staffing restructure, which will be undertaken in line with the council's organisational change processes.	Mid-May 2016
Compliance with Code of Recommended Practice on Local Authority Publicity	Communications activity, including any print publications, will meet the requirements of the code.	18 May 2016

23 milestones have already been completed and have not been included; the remaining 7 are shown below and will also be taken forward in the communications strategy.

Best Value: Communications Action Plan – Draft 6 month report						
Action / Recommendation		Lead				
New Communications protocol and style guide		Kelly Powell				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Establish programme of testing to ensure compliance with Code	Internal Audit	Dec-15	Ongoing	-	Internal Audit are finalising their audit of progress against the BV Action Plan. There are plans for an audit of the new Communications Strategy (currently being developed) to be undertaken in 2016.	
Digital Focus						
Action / Recommendation		Lead				
Delivery of digital communications strategy		Kelly Powell				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
New system to go live	Oda Riska	Dec-15	Complete	100%	Successful procurement of new CMS completed in August 2015. Content migrated, new templates cleaned up and customisation finalised in October. Training undertaken in November and final transition completed for go live on 17 <sup>th</sup> December.	Delay from original target date reported to Commissioners.



**Best Value: Communications Action Plan – Draft 6 month report**

**Income optimisation**

**Action / Recommendation**

**Lead**

A robust business plan identifying new revenue streams, maximising existing income activities and providing a clear growth plan

Kelly Powell

**Milestone**

**Lead**

**Deadline**

**Status**

**% Comp**

**Action to Date**

**Action planned and risks**

Review to consider options for trading

Sharan Ahmed  
(with CLC as required)

May-16  
(Dec-15)

Revised date proposed

75%

Initial analysis undertaken and this work was fed in to the external review of communications. A revised deadline for completion is proposed in line with the new the Communications Strategy for this and related milestones below.

Whilst we have undertaken work in these areas, we have also sought to enable feedback from the LGA review (report received in December) to inform our progress moving forward. The targets (and related LGA recommendations ) will now be included in the emerging Communications strategy, which is currently being developed.

Best Value: Communications Action Plan – Draft 6 month report						
Business plan for communications revenues stream complete and approved	Sharan Ahmed (with CLC as required)	May-16 (Dec-15)	Revised date proposed	75%	Business plan developed to include consideration of likely income to be generated, including from One Stop Shop digital displays and the proposed membership of the Council Advertising Network (by placing adverts on the council's website). Ongoing discussions with LB Hackney regarding sharing sales resources/ targeting sales cross-borough. This work also fed in to the review of communications. .	As above.
Review opportunities and approach to use of Council poster and other advertising sites	Sharan Ahmed (with CLC as required)	May-16 (Dec-15)	Revised date proposed	75%	Opportunities have been reviewed and will now feed into the new Communications Strategy.	As above.

Promoting cohesion and equality						
Action / Recommendation		Lead				
Maximise reach and penetration of minority communities to support Community Plan and One Tower Hamlets objectives		Kelly Powell				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Advisory group/s established	Kelly Powell	May-16 (Nov-15)	Revised date proposed	75%	Communications support provided to groups via existing resource provided by Corporate Strategy and Equality team. This will also feed into the new Communications Strategy. A revised deadline for completion is proposed in line with the new the Communications Strategy.	
Action / Recommendation		Lead				
Communications training and support programme developed		Kelly Powell				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
A suite of learning and development products aligned to organisational needs	Kelly Powell	Mar-16	On target	75%	Initial considerations of training and support needs undertaken within Comms Service.	Full proposals to be considered by DMT

Best Value Area	Organisational Culture	Overall Delivery Status GREEN
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**Progress Summary**

The aims of the Organisational Culture Plan are:

- To ensure that the culture of the organisation continues to be one which strives for continuous improvement
- To engage and invest in staff
- To ensure relationships between groups of members and between members and officers are professional, respectful, open and honest
- To rebuild trust in the areas where this has, or is perceived to have, broken down.

In agreeing the plan it was recognised that this will be a staged process – all the actions within the full best value plan are being progressed and will impact on organisational culture as they are implemented and embedded. In addition, some activities in the plan will in themselves give rise to new actions which will further support the development of an effective best value culture.

The key outcomes we are looking to achieve are:

- Staff engaged with and committed to delivering the Council’s vision and priorities
- Improved clarity and understanding of formal roles and responsibilities of the Executive, non-Executive and senior officers of the Council in a Mayoral system
- Effective working relationships between elected members, and between elected members and senior officers, to enable all to work together to achieve the best outcomes for Tower Hamlets and its residents
- Community Plan with cross-party and cross-partner support establishing common outcomes to work towards
- A shared commitment to a set of agreed behaviours and cultural values to underpin formal roles and responsibilities
- A sustainable approach to maintaining and refreshing this shared commitment

**Progress in relation to key measures**

The agreed milestone measures and our progress towards these are set out below:

- **Achievement of IIP Gold**  
*Phase 1 of the IIP assessment was completed in April 2015 and the council achieved 22 of the 34 criteria required for the gold award. The assessor praised the increase in communication and engagement with staff and highlighted all completed actions within the best value plan as areas of good practice within the council. Phase 2 of the assessment will be undertaken in 2017, following implementation of a revised IIP framework.*
- **Improvement in Staff Survey measures – motivation, views on leadership, values, priorities**  
*In preparation for this assessment, a staff survey will be undertaken later in the year. This will provide feedback and evidence improvements in the areas mentioned above, whilst highlighting any further areas of development.*
- **Internal audit report on Best Value Actin Plan implementation – at least substantial assurance**  
*Compliance testing is being undertaken on the key actions contained in the action plans for Procurement; Grants; Property and Disposal; and Communications. The first finalised*

*review – Procurement – has been awarded Substantial Assurance and will be reported to the Board in January.*

▪ **Mayoral attendances at OSC and other public fora**

*The Mayor has already attended OSC three times this municipal year. The Mayor has also committed himself to a number of actions relating to Transparency within the Transparency Protocol agreed by Cabinet in November including Mayor’s Question Time which is being set up for early in 2016. He is also considering the recommendations in the OSC’s Transparency Commission report with a view to incorporating some of these within his Protocol.*

**Next Steps: Priority workstreams**

The initial Organisational Culture Plan included a range of diverse activities which it was recognised were immediately necessary to move organisational culture in the right direction. It was also recognised that these were first steps and that the reviews proposed within the plan, together with the election of a new Mayor, and appointment of new Chief Executive and statutory officers, would give rise to a more substantial programme of work to embed a renewed culture and drive progress towards achieving the outcomes set out above.

At this stage the organisation now needs a rigorous focus on some priority areas of work which will make strides towards achieving these outcomes. In reflection of this, the following priority workstreams will take forward our Organisational Culture improvement, key milestones for which are set out below.

<b>Workstream</b>	<b>Lead</b>	<b>Key Milestones</b>
<b>Governance Review – overseen by cross party joint member/officer Governance Review Working Group</b>	Melanie Clay	Governance Working Group agreed an action plan and forward programme of work in December – areas of focus include Member development; Scrutiny; transparent decision making; Mayor and Non-exec roles and responsibilities; review of working of Full Council; Standards arrangements. Milestones to be set out in Action Plan.
<b>Solace Review and member/officer development work</b>	Mayor/Will Tuckley	Sessions with political groups planned for November. Session with CMT and other senior managers planned. Final joint cross-party session planned. Action Plan to take forward and embed the work to be considered by BV Board.
<b>Organisational Transformation</b>	Will Tuckley/CMT	Determining future shape of organisation – planning for new office accommodation, new management arrangements, use of technology, partnership working. This will be articulated, in part, through the development of a Workforce Strategy, to be agreed by May 2016, which will detail approaches to staff engagement, learning and development, succession planning, talent management and include actions to ensure a diverse and effective workforce.


35 milestones have already been completed and are therefore not included; the 6 remaining are shown below.

<b>Best Value: Organisational Culture Action Plan – Draft 6 month report</b>						
<b>Action / Recommendation</b>		<b>Lead</b>				
Rebuilding elected member relationships		Will Tuckley / Mayor / Group Leaders				
<b>Milestone</b>	<b>Lead</b>	<b>Deadline</b>	<b>Status</b>	<b>% Comp</b>	<b>Action to Date</b>	<b>Action planned and risks</b>
Develop an action plan to respond to recommendations of above review	Will Tuckley / Mayor/ Group Leaders	Mar-16 (Jan-16)	<b>Revised date proposed</b>	30%	Cross-party forum planned following sessions with political groups and CMT. A revised date for completion is proposed.	Action Plan to be finalised based on recommendations. Initial deadline was May-15.
Deliver and monitor action plan	Will Tuckley / Mayor/ Group Leaders	Ongoing			Action plan will include clear milestones for delivery	Robust delivery and monitoring arrangements will be put in place.

Action / Recommendation		Lead				
Develop cross party member working groups on key issues		Melanie Clay / Matthew Mannion				
Milestone	Lead	Deadline	Status	% Comp	Action to Date	Action planned and risks
Agree 1-2 areas to trial approach, linked to key priorities within Community Plan	Melanie Clay	Oct-15	Completed	100%	Activity being taken forward through Governance Working Group action plan	Original deadline of May 2015 was revised following discussion with Commissioners.
Evaluate and review	Melanie Clay	Dec-15	Ongoing	50%	Evaluation and review part of the role of the governance working group	

<b>Action/ Recommendation</b>		<b>Lead</b>				
Ensuring member and officer relations are appropriately conducted and constructive		Monitoring Officer				
<b>Milestone</b>	<b>Lead</b>	<b>Deadline</b>	<b>Status</b>	<b>% Comp</b>	<b>Action to Date</b>	<b>Action planned and risks</b>
Annual independently-commissioned review and report on officer/member grievances for review by HoPS and the respective Group Leaders making recommendations specific to minimising instances of officer member grievances	Melanie Clay	Dec-16	On Target			
<b>Action / Recommendation</b>		<b>Lead</b>				
Ensuring all decisions are informed by best value requirements		Melanie Clay / Matthew Mannion				
<b>Milestone</b>	<b>Lead</b>	<b>Deadline</b>	<b>Status</b>	<b>% Comp</b>	<b>Action to Date</b>	<b>Action planned and risks</b>
Delivering key actions in respect of Procurement, Grants, Property and Communications as set out in the remainder of this Plan	As per respective plans	As per plans	On Target		See full report	



<p><b>Cabinet</b></p> <p>2 February 2016</p>	 <p><b>TOWER HAMLETS</b></p>
<p><b>Report of:</b> Matthew Mannion, Committee Services Manager</p>	<p><b>Classification:</b> Unrestricted</p>
<p><b>Mayor’s Individual Executive Decisions – List of Recently Published Decisions</b></p>	

<b>Lead Member</b>	<b>Mayor, John Biggs</b>
<b>Originating Officer(s)</b>	Matthew Mannion, Committee Services Manager
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	No
<b>Community Plan Theme</b>	<b>All</b>

**Executive Summary**

The Council’s Constitution provides for the Mayor to take Executive decisions either at meetings of Cabinet or outside of the meetings as Individual Mayoral Decisions.

These individual decisions are published on the Council’s website but to aid transparency, this noting report lists recent individual decisions that have been taken.

**Recommendations:**

The Mayor in Cabinet is recommended to:

1. Note the Individual Mayoral Decisions set out in Appendix 1.

**1. REASONS FOR THE DECISIONS**

- 1.1 This is a noting report to aid transparency.
- 1.2 The reasons each decision were taken are set out in their specific reports.

**2. ALTERNATIVE OPTIONS**

- 2.1 The alternative option would be to not produce this report, but that would not aid transparency of decision making.

### **3. DETAILS OF REPORT**

- 3.1 The Council's Constitution (Part 4.4 Executive Procedure Rules) sets out that "decisions on executive functions are taken by the Mayor, either at the Cabinet meeting or separately". Decisions taken outside of Cabinet are known as Individual Mayoral Decisions.
- 3.2 The majority of decisions are taken at Cabinet meetings but on occasion, due to the nature of the decision (for example, the urgency required), decisions are taken individually by the Mayor outside of the Cabinet meetings.
- 3.3 Any individual decisions taken must follow standard procedures including, for Key Decisions, advance publication of a notice to take the decision on the website. The final decision report and sign off sheet are also published on the website once the decision has been taken. Reports are available on the Tower Hamlets website through [www.towerhamlets.gov.uk/committee](http://www.towerhamlets.gov.uk/committee).
- 3.4 If a specific decision report is Exempt/Confidential under the Access to Information Procedure Rules (Part 4.2 of the Constitution) then notice that the decision has been taken will still be published along with the reason why the report is exempt but the report itself will not be published. In other cases only part of the report may be exempt.
- 3.5 In line with the Constitution, all Individual Mayoral Decisions are subject to the Call-In procedure (Part 4.5 Overview and Scrutiny Procedure Rules). Councillors may call-in the decision within 5 working days of the decision being published on the website.
- 3.6 Each individual decision is given a unique reference number which is recorded on the relevant sign-off sheet and agenda front sheet. Numbers from 101 upwards relate to individual decisions taken by Mayor John Biggs.
- 3.7 The Mayor has requested that, to aid transparency, a noting report be presented at each Cabinet meeting listing recent Individual Mayoral Decisions.

### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 This is a noting report. The comments of the Chief Financial Officer in relation to each individual decision have been incorporated into each respective report.

### **5. LEGAL COMMENTS**

- 5.1 This is a noting report. Legal comments in relation to each individual decision have been incorporated into each respective report.
- 5.2 The decision making processes set out in the Constitution and outlined above are in accordance with the legislation governing local authority decision making including the Local Government Act 2000 (as amended) and The

Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

**6. ONE TOWER HAMLETS CONSIDERATIONS**

6.1 None directly related to this report.

**7. BEST VALUE (BV) IMPLICATIONS**

7.1. None directly related to this report.

**8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

8.1 None directly related to this report.

**9. RISK MANAGEMENT IMPLICATIONS**

9.1 None directly related to this report.

**10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

10.1 None directly related to this report.

**11. SAFEGUARDING IMPLICATIONS**

11.1 None directly related to this report.

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**Linked Reports, Appendices and Background Documents**

**Linked Report**

- None

**Appendices**

- Appendix 1 – List of Individual Mayoral Decisions

**Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- None

**Officer contact details for documents:**

- Matthew Mannion, Committee Services Manager, 020 7364 4651

**List of Individual Mayoral Decisions taken since the last report**

Decision Number	Date of Decision*	Report Title
117	18/12/15	Appointments to External Bodies
121	5/1/16	Best Value Action Plan for Communications
119	6/1/16	Nominations to Tower Hamlets Community Housing for 2016
122	12/1/16	Tower Hamlets Homes Board Governance
118	14/1/16	Partnership Task Force Programme

\* The date of the decision refers to the date of publication on the Council's website.