

Meeting of the Council of the London Borough of Barnet

TO BE HELD ON

TUESDAY 30TH OCTOBER, 2018 AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG

S U M M O N S A N D A G E N D A



All Councillors are hereby summoned to attend the Council meeting for the transaction of the business set out.

Andrew Charlwood
Head of Governance

Agenda and Timetable
Tuesday 30th October, 2018

Item	Subject	Timing	Page Nos
	Part 1 - Statutory formalities/Announcements (15 minutes)		
1.	Apologies for absence		
2.	Elect a Member to preside if the Mayor is absent		
3.	Prayer		
4.	Declarations of Interest		
5.	Minutes of the last meeting		5 - 16
6.	Official announcements		
7.	Any business remaining from last meeting		
	Part 2 - Question Time (30 minutes)		
8.	Questions to the Leader (and Committee Chairmen if he/she has delegated)		To Follow
	Part 3 - Statutory Council Business (60 minutes)		
9.	Petitions for Debate (20 minutes)		
10.	Reports from the Leader		
11.	Reports from Committees		
11.1	Report of the Constitution and General Purposes Committee - Constitution Review		17 - 36
11.2	Report of the Policy & Resources Committee - Treasury Management - Out-Turn Report (2017/18), Mid-Year Review (2018/19) and Revised Treasury Management Strategy Statement 2018/19		37 - 74

11.3	Report of the Pension Fund Committee - London CIV (Collective Investment Vehicle) Governance Changes		75 - 96
12.	Reports of Officers	7.45pm - 9.30pm	
12.1	Report of the Head of Governance		97 - 102
13.	Questions to Council Representatives on Outside Bodies		
	Break (15 minutes)		
	Part 4 – Business for Debate (45 minutes)		
14.	Motions (45 minutes)		
14.1	Administration Motion in the name of Councillor David Longstaff - Right to Buy		103 - 104
14.2	Administration Motion in the name of Councillor Dean Cohen - The Barnet View		105 - 106
14.3	Opposition Motion in the name of Councillor Anne Clarke - School cuts		107 - 108
14.4	Opposition Motion in the name of Councillor Barry Rawlings - Breaking Point campaign		109 - 110
14.5	Opposition Motion in the name of Councillor Paul Edwards - Winter homeless shelter		111 - 112
14.6	Opposition Motion in the name of Councillor Reema Patel - Brexit and Barnet		113 - 114
14.7	Opposition Motion in the name of Councillor Arjun Mittra - Celebrating Diwali in Barnet Schools		115 - 116
15.	Motions for Adjournment		

Andrew Charlwood, Head of Governance
Building 4, North London Business Park, Oakleigh Road South, N11 1NP

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Minutes

OF THE MEETING OF THE COUNCIL OF THE LONDON BOROUGH OF BARNET
held at Hendon Town Hall, The Burroughs, London NW4 4BG, on 31 July 2018

AGENDA ITEM 5

PRESENT:-

The Worshipful the Mayor (Councillor Reuben Thompstone)
The Deputy Mayor (Councillor Caroline Stock)

Councillors:

Golnar Bokaei	Eva Greenspan	Sachin Rajput
Jess Brayne	Jennifer Grocock	Barry Rawlings
Felix Byers	Rohit Grover	Danny Rich
Anne Clarke	Lachhya Gurung	Helene Richman
Alison Cornelius	John Hart	Tim Roberts
Pauline Coakley Webb	Ross Houston	Gabriel Rozenberg
Dean Cohen	Anne Hutton	Lisa Rutter
Melvin Cohen	Laithe Jajeh	Gill Sargeant
Sara Conway	Kathy Levine	Alan Schneiderman
Jo Cooper	David Longstaff	Mark Shooter
Geof Cooke	John Marshall	Elliot Simberg
Richard Cornelius	Kath McGuirk	Stephen Sowerby
Saira Don	Arjun Mittra	Julian Teare
Val Duschinsky	Alison Moore	Daniel Thomas
Paul Edwards	Ammar Naqvi	Sarah Wardle
Claire Farrier	Nagus Narenthira	Roberto Weeden-Sanz
Anthony Finn	Charlie O-Macauley	Laurie Williams
Nizza Fluss	Reema Patel	Peter Zinkin
Linda Freedman	Alex Prager	Zakia Zubairi
Brian Gordon	Wendy Prentice	

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Shimon Ryde and Councillor Thomas Smith.

Apologies for lateness were received from Councillor John Hart, who arrived at 7.19 pm.

2. ELECT A MEMBER TO PRESIDE IF THE MAYOR IS ABSENT

The Worshipful the Mayor was present.

3. PRAYER

Father Gladstone Liddle was called upon by the Worshipful the Mayor to speak to Council and say prayers.

4. DECLARATIONS OF INTEREST

No interests were declared.

5. MINUTES OF THE LAST MEETING

The minutes of the meeting dated 22 May 2018 were approved as a correct record.

6. OFFICIAL ANNOUNCEMENTS

The Worshipful the Mayor congratulated the Barnet winners of the Le Raincy Twin Town Digital Photographic competition, noting that Sue Willoughby had won first place, Alan Last had won second place and David Loebell had won third place.

The Worshipful the Mayor announced a Victoria Cross Paving stone laying ceremony would take place at 11am on Saturday 29th September in Station Road, New Barnet.

The Worshipful the Mayor noted that 11 November 2018 would mark 100 years since the end of the Great War and advised that there would be a Civic Service of Commemoration and Reconciliation at 3pm at St Paul's Church Mill Hill.

The Worshipful the Mayor noted that on Friday 29 June 2018 he had welcomed HRH the Earl of Wessex, Prince Edward, to the borough when he attended the RAF Museum, Hendon, to celebrate the RAF Centenary.

7. ANY BUSINESS REMAINING FROM LAST MEETING

There was none.

The Worshipful the Mayor informed Council that he would vary the order the business for the meeting to deal with one of the motions listed on the agenda before the other items of business. He reported that in relation to agenda item 14.1 (Administration in the Name of Councillor Brian Gordon), the Monitoring Officer had advised that this motion should be referred directly to the Policy & Resources Committee which Council duly AGREED.

8. QUESTIONS TO THE LEADER (AND COMMITTEE CHAIRMEN IF HE/SHE HAS DELEGATED)

Answers to the questions submitted were provided as a supplementary paper to the agenda.

Supplementary questions were then asked and answered within the allotted time given for the item.

9. PETITIONS FOR DEBATE

None.

10. REPORTS FROM THE LEADER

None.

11. REPORTS FROM COMMITTEES

11.1 REFERRAL FROM THE AUDIT COMMITTEE - ANNUAL REPORT OF THE AUDIT COMMITTEE

Councillor Anthony Finn, Chairman of the Audit Committee, moved reception and adoption of the recommendations in the report. Debate ensued.

On the recommendations in the report being put to the vote the recommendations were unanimously agreed.

RESOLVED that Council note and approve the Annual Report of the Audit Committee for 2017/18.

11.2 REFERRAL FROM THE CONSTITUTION & GENERAL PURPOSES COMMITTEE - ELECTORAL REVIEW OF THE LONDON BOROUGH OF BARNET STAGE 1 - COUNCIL SIZE SUBMISSION TO THE LOCAL GOVERNMENT BOUNDARY COMMISSION

Councillor Melvin Cohen, Chairman of the Constitution and General Purposes Committee, moved reception and adoption of the recommendations in the report. Debate ensued.

The recommendations as set out in the report were put to the vote. Votes were recorded as follows:

For	36
Against	0
Abstentions	25
Absent	2
Total	63

RESOLVED that:

- 1. Council agree the draft submission to the Local Government Boundary Commission that proposes the future council size (number of councillors) as set out in Appendix A.**
- 2. Council acknowledges that there may be initial feedback from the Local Government Boundary Commission for England to be considered which may subsequently effect the submission on Council Size.**

11.3 REFERRAL FROM THE CONSTITUTION & GENERAL PURPOSES COMMITTEE - CONSTITUTION REVIEW

Councillor Melvin Cohen, Chairman of the Constitution and General Purposes Committee, moved reception and adoption of the recommendations in the report. Debate ensued.

On the recommendations in the report being put to the vote the recommendations were unanimously agreed.

RESOLVED that:

- 1. Council approve the recommendations contained in the report from the Constitution & General Purposes Committee at Annexe 1 and the track change versions attached at Appendix A to Appendix C (incorporating the amendments set out in Annexe 1A).**
- 2. The Monitoring Officer and Chief Legal Advisor be authorised to implement these revisions and published a revised Constitution.**

12. REPORTS OF OFFICERS

12.1 REPORT OF THE HEAD OF GOVERNANCE

The Head of Governance introduced the report. Appendix A set out changes to the Calendar of Meetings. Appendix B set out a change in membership of the Finchley and Golders Green Area Planning Committee and the North London Waste Planning Group. Appendix C, which had been tabled, set out further changes to committee memberships and outside bodies. The following corrections to Appendix C were reported:

- Item 2 – amend to be a substitute Member of the Committee (rather than Member of the Committee)
- Item 3 – amend to be the Finchley and Golders Green Area Planning Committee (rather than Area Committee)

He further noted that in relation to Item 6 in Appendix C, Members were being asked to note that Council was noting the appointment to the directorship of Regional Enterprise (RE) Ltd rather than making an appointment to it as the appointment is made by Barnet Holding Limited.

RESOLVED that:

- 1. Council notes the changes to the calendar of meetings as set out in Appendix A.**
- 2. Council approve the change of membership of the Finchley and Golders Green Area Planning Committee as set out in Appendix B.**
- 3. Council approve the changes to committee memberships and outside bodies and note the appointment to the directorship of RE Ltd as set out in Appendix C.**

12.2 COUNCIL TAX REDUCTION FOR CARE LEAVERS

The Chairman of Policy and Resources Committee, Councillor Richard Cornelius introduced moved reception and adoption of the report. Debate ensued.

On the recommendations in the report being put to the vote the recommendations were unanimously agreed.

RESOLVED that:

- 1. Council note the consultation results in Appendix B pertaining to a policy for offering council tax relief to care leavers based on guaranteed relief for their first two years of independent living or until their 25th birthday, whichever is first.**
- 2. Council ratify the endorsement from Policy & Resources Committee of the Care Leaver Council Tax Reduction Policy attached in Appendix A, to be implemented and backdated to 1 April 2018.**

13. QUESTIONS TO COUNCIL REPRESENTATIVES ON OUTSIDE BODIES

None.

14. MOTIONS

14.1 ADMINISTRATION MOTION IN THE NAME OF COUNCILLOR BRIAN GORDON - BOYCOTT THE ANTISEMITIC BDS MOVEMENT

This motion had been referred directly to the Policy & Resources Committee.

14.2 ADMINISTRATION MOTION IN THE NAME OF COUNCILLOR JOHN MARSHALL - CONSERVE OUR FAMILY HOMES

Councillor John Marshall moved the motion in his name. Councillor Paul Edwards moved the amendment in his name. Debate ensued.

The amendment in the name of Councillor Paul Edwards was put to the vote. Votes were recorded as follows:

For	25
Against	36
Abstentions	0
Absent	2
Total	63

The amendment was declared lost.

The motion in the name of Councillor John Marshall was put to the vote. Votes were recorded as follows:

For	61
Against	0
Abstentions	0
Absent	2
Total	63

The motion was declared carried.

RESOLVED that:

Council, recognising that the untrammelled conversion of family homes into flats can change the character of an area, and believes the borough should place a ceiling upon the extent to which such conversions can take place on any road.

Council instructs Officers to investigate how this can be achieved and to present their findings to the Housing Committee.

**14.3 OPPOSITION MOTION IN THE NAME OF COUNCILLOR BARRY RAWLINGS -
BROKEN ELECTION PROMISES IN BROKEN BARNET**

Councillor Barry Rawlings moved the motion in his name. Councillor Anne Clarke moved an amendment in her name. Debate ensued.

The amendment in the name of Councillor Anne Clarke was put to the vote.

Votes were recorded as follows:

For	25
Against	36
Abstentions	0
Absent	2
Total	63

The amendment was declared lost.

The motion in the name of Councillor Rawlings was put to the vote. Votes were recorded as follows:

For	25
Against	36
Abstentions	0
Absent	2
Total	63

The motion was declared lost.

14.4 OPPOSITION MOTION IN THE NAME OF COUNCILLOR JO COOPER - PESTICIDE FREE BARNET

The amendment in the name of Councillor Dean Cohen was put to the vote. Votes were recorded as follows:

For	36
Against	25
Abstentions	0
Absent	2
Total	63

The amendment was carried. The substantive motion was then put to the vote. Votes were recorded as follows:

For	36
Against	25
Abstentions	0
Absent	2
Total	63

RESOLVED that:

Council notes that pesticides and herbicides like Glyphosate that are used in our parks and public spaces divide opinion, and some residents believe they can cause harm to people, animals and the environment.

However, Council notes that residents' complaints about weeds consistently outweigh those about pesticides.

Council notes that LB Hammersmith & Fulham have gone pesticide free, and other councils are now taking the pesticide free route, but that the European Union authorised a further five-year lease on the use of Glyphosate in November 2017.

Council requests that the Environment Committee monitor the legislative status of Glyphosate, regardless of the United Kingdom's relationship with the European Union in 2022, as well as cost-effective and results-paritive alternatives.

14.5 OPPOSITION MOTION IN THE NAME OF COUNCILLOR JESS BRAYNE - EQUALITY IN MENTAL HEALTH SERVICES FOR BAMER COMMUNITIES

The amendment in the name of Councillor Rajput's was put to the vote. Votes were recorded as follows:

For	36
Against	25
Abstentions	0
Absent	2
Total	63

The amendment was carried. The substantive motion was then put to the vote. Votes were recorded as follows:

For	61
Against	0
Abstentions	0
Absent	2
Total	63

RESOLVED that:

Adults who use Barnet’s adult social care services increasingly have complex needs. There is a strong correlation between mental and physical health, and those accessing our support services will increasingly need support with both their mental and physical health. All Councillors have a responsibility to promote good mental health for all those living in our Borough.

Council notes there is evidence for black, Asian, minority ethnic and refugee (BAMER) disadvantage in the adult social care system. Being a borough which prides itself on its ethnic and cultural diversity, Council requests all committees place equality of access and service delivery as a primary concern when enacting the Conservative manifesto pledge to:

“...support the integration of Social Care and the NHS and use our democratic mandate to get excellent joined-up care. We will push for parity in the importance and excellence of mental health care, which has too often been treated as a secondary concern.”

14.6 ADMINISTRATION MOTION IN THE NAME OF LISA RUTTER - REUNIFY CYPRUS ALLOW REFUGEES HOME

The motion in the name of councillor Lisa Rutter was put to the vote.

The motion was unanimously agreed.

RESOLVED that:

Barnet has a large Greek and Turkish Cypriot community. Many of these residents are refugees or descendants of refugees from the illegal invasion and occupation of northern Cyprus in 1974.

As these residents’ elected representatives, in a borough twinned with the occupied town of Morphou, Council believes we all have a vested interest in the Cypriot peace process. Presently, many Barnet residents from both communities are unable to return to their ancestral homes, which remains a source of considerable distress.

On 17th July the United Nations Security Council urged all sides to resume talks on a settlement for the island “towards a bizonal, bicomunal, federal solution” and sent an envoy of the Secretary-General to meet leaders last week.

Council supports these efforts and joins MPs and Peers in calling for the reunification of Cyprus through a just and viable settlement, including the removal

of Turkish troops, in the interests of all displaced Cypriots in Cyprus, Barnet and around the world.

14.7 OPPOSITION MOTION IN THE NAME OF COUNCILLOR ROSS HOUSTON - PEOPLE'S VOTE ON THE FINAL BREXIT DEAL

The amendment in the name of Councillor Rozenberg was put to the vote. Votes were recorded as follows:

For	36
Against	25
Abstentions	0
Absent	2
Total	63

The amendment was carried. The substantive motion was put to the vote. Votes were recorded as follows:

For	36
Against	25
Abstentions	0
Absent	2
Total	63

RESOVLED that:

Council notes that 62% of Barnet residents voting in the EU Referendum voted to remain in Europe.

Council also notes that whatever is in the final Brexit deal, it will have implications for local businesses, our local economy, public services including our local NHS, local partners including Middlesex University, local jobs and our residents including circa 29,000 EU citizens and their children living in Barnet.

Council notes that it is not clear whether there will be a soft Brexit, hard Brexit or no deal at all.

Council therefore calls on the Government to give the British people, including Barnet residents, the best possible deal.

The meeting finished at 8:56 pm.

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Minutes

OF THE EXTRAORDINARY MEETING OF THE COUNCIL
OF THE LONDON BOROUGH OF BARNET
held at Hendon Town Hall, The Burroughs, London NW4 4BQ, on 31 July 2018

PRESENT:-

The Worshipful the Mayor (Councillor Reuben Thompstone)
The Deputy Mayor (Councillor Caroline Stock)

Councillors:

Golnar Bokaei	Eva Greenspan	Sachin Rajput
Jess Brayne	Jennifer Grocock	Barry Rawlings
Felix Byers	Rohit Grover	Danny Rich
Anne Clarke	Lachhya Gurung	Helene Richman
Alison Cornelius	John Hart	Tim Roberts
Pauline Coakley Webb	Ross Houston	Gabriel Rozenberg
Dean Cohen	Anne Hutton	Lisa Rutter
Melvin Cohen	Laithe Jajeh	Gill Sargeant
Sara Conway	Kathy Levine	Alan Schneiderman
Jo Cooper	David Longstaff	Mark Shooter
Geof Cooke	John Marshall	Elliot Simberg
Richard Cornelius	Kath McGuirk	Stephen Sowerby
Saira Don	Arjun Mittra	Julian Teare
Val Duschinsky	Alison Moore	Daniel Thomas
Paul Edwards	Ammar Naqvi	Sarah Wardle
Claire Farrier	Nagus Narenthira	Roberto Weeden-Sanz
Anthony Finn	Charlie O-Macauley	Laurie Williams
Nizza Fluss	Reema Patel	Peter Zinkin
Linda Freedman	Alex Prager	Zakia Zubairi
Brian Gordon	Wendy Prentice	

1. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillor Shimon Ryde and Councillor Thomas Smith.

2. DECLARATIONS OF INTEREST

None.

3. REPORT OF THE MONITORING OFFICER

None.

4. MOTION IN THE NAMES OF THE LEADER OF THE COUNCIL, COUNCILLOR RICHARD CORNELIUS AND THE LEADER OF THE OPPOSITION, COUNCILLOR BARRY RAWLINGS - CONFERRING THE HONORARY FREEDOM OF THE LONDON BOROUGH OF BARNET

Councillors Richard Cornelius and Barry Rawlings moved the motion in their name. Debate ensued.

The Motion in the name of Councillors Richard Cornelius and Barry Rawlings was then put to the vote.

REOLVED that:

In pursuance of Section 249 of the Local Government Act 1972, the Council of the London Borough of Barnet hereby do confer upon the Royal Air Force Museum London the Honorary Freedom of the London Borough of Barnet (being the most honourable award it is in the Council's privilege to bestow). This highest honour is to be granted in recognition of an enormously valuable civic asset, together with the manner in which the museum commemorated the centenary of the Royal Air Force and Hendon Aerodrome's unique role in First World War aviation.

In conferring the Honorary Freedom on the Royal Air Force Museum London, the Council is formally recording the high esteem in which it is held by the Council and the community and recognising its invaluable contribution to the life of the borough.

The meeting finished at 9.03pm (having commenced at 8.56pm)

	<p>Council</p> <p>30 October 2018</p>
<p>Title</p>	<p>Report of the Constitution and General Purposes Committee – Constitution Review</p>
<p>Report of</p>	<p>Monitoring Officer and Chief Legal Advisor Head of Governance</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public</p>
<p>Enclosures</p>	<p>Annex 1 – Report to Constitution and General Purposes 22 October 2018</p> <p>Annex 1A – Decisions of Constitution and General Purposes Committee, 22 October 2018 (<i>to follow</i>)</p> <p>Appendix A – Article 7: Extract. Committees, Forums, Working Groups and Partnerships (Tracked)</p> <p>Appendix B – Chief Officers (Tracked)</p>
<p>Officer Contact Details</p>	<p>Andrew Charlwood, Head of Governance, 020 8359 2014, andrew.charlwood@barnet.gov.uk</p>

Summary

The Constitution and General Purposes Committee at a meeting held on 22 October 2018 considered a report on the Constitution, reviewing various sections. Only Full Council may amend the Constitution and therefore Council are recommended to approve the various recommendations of the Committee that would alter the Constitution.

Recommendations

- 1. That, subject to the Constitution & General Purposes Committee referring the proposed changes at their meeting on 22 October 2018, Council approve the recommendations contained in the report from the Committee at Annexe 1, and the track change versions attached at Appendix A to Appendix B.**
- 2. That the Monitoring Officer and Chief Legal Advisor be authorised to implement these revisions and publish a revised Constitution.**

1. WHY THIS REPORT IS NEEDED

- 1.1 As set out in the report attached at Annex 1.

2. REASONS FOR RECOMMENDATIONS

- 2.1 As set out in the report attached at Annex 1.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Options were put forward to the Committee and the attached report reflects the options chosen (as amended by the Committee) for recommendation to Council following discussion and debate.

4. POST DECISION IMPLEMENTATION

- 4.1 The Monitoring Officer will make arrangements for any changes agreed to be actioned, together with minor drafting and housekeeping changes. The revised Constitution will be published online and for existing hard copies issued to be revised and replaced.
- 4.2 The Constitution and General Purposes Committee will continue to proactively keep the Constitution under review and may make further recommendations in the next municipal year.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 As set out in the report attached at Annex 1.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 None.

5.3 Legal and Constitutional References

- 5.3.1 Council Constitution, Article 4 states that “The Full Council is a formal meeting of all Councillors and is required by law to take certain important decisions as set out below. Full Council also approves a number of key plans and strategies, which together form the Policy Framework:....Adopting and changing the Constitution (unless delegated).”
- 5.3.2 Council Constitution, Article 7 states that the Constitution and General Purposes Committee terms of reference includes to: “Keep under review all aspects of the Council’s Constitution so as to ensure that it remains current and fit for purpose, and to make recommendations thereon to the Council.”
- 5.3.3 Council Constitution, Article 9 states that “The Monitoring Officer will maintain an up-to-date version of the Constitution and will ensure that it is available for consultation by Members, staff and the public”.

5.4 Risk Management

- 5.4.1 As set out in the report attached at Annex 1.

5.5 Equalities and Diversity

- 5.5.1 As set out in the report attached at Annex 1.


5.6 Consultation and Engagement

- 5.6.1 As set out in the report attached at Annex 1.

6. BACKGROUND PAPERS

- 6.1 As set out in the report attached at Annex 1.

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	<p>Constitution and General Purposes Committee</p> <p>22 October 2018</p>
<p>Title</p>	<p>Constitution Review</p>
<p>Report of</p>	<p>Monitoring Officer Head of Governance</p>
<p>Wards</p>	<p>N/A</p>
<p>Status</p>	<p>Public</p>
<p>Enclosures</p>	<p>Appendix A– Article 7: Extract. Committees, Forums, Working Groups and Partnerships (Tracked) Appendix B – Chief Officers (Tracked)</p>
<p>Officer Contact Details</p>	<p>Andrew Charlwood, Head of Governance, 020 8359 2014, andrew.charlwood@barnet.gov.uk</p>
<p>Summary</p>	
<p>Following the comprehensive review of the Constitution which was completed in May 2018 a number of housekeeping amendments are proposed as set out in the report and appendices.</p>	

<p>Officers Recommendation</p>
<p>That the Committee recommend to Council that the Constitution be amended to incorporate the changes set out in this report and the amended versions attached at Appendix to Appendix B.</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 The terms of reference Committee include responsibility to “proactively to review and keep under review all aspects of the Council’s Constitution so as to ensure that it remains current and fit for purpose, and to make recommendations thereon to the Council”.
- 1.2 Detailed changes and the reason for them are as set out in the table below:

No.	Section	Reference	Issue Identified	Changes Made
1.	Article 7 (Committees, Furums and Partnerships)	Terms of Reference of the Health and Wellbeing Board (HWB)	<p>The terms of reference of the Barnet Health and Wellbeing Board currently do not include membership for voluntary and community sector representatives (non-voting). In most other authorities, voluntary and community sector representatives are non-voting members appointed by Local Authority as they represent a significant local stakeholder that plays such an important role in improving local population's health and wellbeing.</p> <p>NHS England plays an important role in delivering some of the local services however HWB Board agenda is not relevant in its entirety to their business and therefore they failed to engage on a regular basis. We therefore propose to remove NHS England from core membership and add them as extended membership, to be invited as and when relevant.</p> <p>Vice-Chair of the Health and Wellbeing Board is CCG Chair, as prescribed by the Act (s194(2)(f)).</p> <p>Health and Wellbeing Board represents a strategic partnership across local health and</p>	<p>Add to HWB Board Terms of reference:</p> <ul style="list-style-type: none"> • Barnet's voluntary and community sector representative (non-voting member) • Remove NHS England from core membership • Add a reference to Vice Chair being CCG Governing Body Chair, as prescribed by the Act • Add: "To provide collective leadership and enable shared decision making, ownership and

No.	Section	Reference	Issue Identified	Changes Made
			<p>care economy and, as such, has a responsibility for collective leadership, joint decision-making, shared responsibilities and accountability. This partnership's role is to provide strategic oversight (rather than performance management) on health and care offer locally, promote joint working, joint commissioning as well as joint bidding process for external resources.</p>	<p>accountability.”</p> <ul style="list-style-type: none"> • Rewording of few paragraphs to reflect strategic and joint responsibilities across partnershi
2.	Article 7 (Committees, Forums and Partnerships)	Terms of Reference of the Community Leadership and Libraries Committee	<p>The terms of reference of the Community Leadership and Libraries Committee currently include responsibility for ‘.....grants to the voluntary sector.’</p> <p>The Council currently seeks to determine applications within 6-8 weeks of receipt depending upon any issues that might arise during the assessment process, a broadly realistic timeframe in the case of smaller grant requests dealt with under delegated powers. The processing time of applications seeking a larger grant is usually longer, subject, as it is, to the frequency of meetings of CLLC and the proximity of such to when an application is received. This is unfavourable to the larger applications who may have a waiting time of up to time 6 months from when application is recived to a decision made.</p>	<p>Remove from the terms of reference of the Constitution & General Purposes Committee:</p> <p>“...and grants to the voluntary sector.”</p>

No.	Section	Reference	Issue Identified	Changes Made
			<p>It is proposed that Members delete this from the terms of reference of the committee and agree to extend the Director of Finance (Section 151 Officer) delegated powers to encompass all awards from the corporate grants on the basis that the chairman of CLLC will continue to be consulted on all recommendations.</p>	
3.	Article 9 – Chief Officers	9.4 Functions of the Chief Finance Officer / Section 151 Officer	<p>It is recommended that Article 9 (Chief Officers) be amended to include within the responsibilities of the Functions of the Chief Finance Officer / Section 151 Officer writing of debt.</p>	<p>Add the following to “Debt Manangement . The Chief Finance Officer will in consultation with HB Public Law write off debt amounts up to and including £5,000”</p>

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Constitution and General Purposes Committee are required under their terms of reference to proactively review and keep under review all aspects of the Constitution. These proposals are recommended to ensure the smooth running of the Council.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The Committee could retain the current Constitution un-amended. This is not recommended as the Constitution needs to be kept under review to ensure that it complies with legislation and best practice.

4. POST DECISION IMPLEMENTATION

- 4.1 Subject to the committee's approval, the recommendations will form part of a report to Full Council on 30 October 2018 to make final approval.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 Barnet Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. By keeping the Constitution under review it ensures that the framework in which the Council is governed supports the delivery of corporate priorities and performance.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 There are no resource implications as a result of these proposals.

5.3 Legal and Constitutional References

- 5.3.1 Council's Constitution, Article 7 - the Constitution and General Purposes Committee terms of reference includes responsibility "To keep under review all aspects of the Council's Constitution so as to ensure that it remains current and fit for purpose, and to make recommendations thereon to the Council".

5.4 Risk Management

- 5.4.1 The process of managing changes to the Constitution through the Constitution and General Purposes Committee ensures that the proposals are developed through Member participation and consideration.

5.5 Equalities and Diversity

- 5.5.1 The decision making processes of the Council, as enshrined within the Constitution, need to be transparent and accessible to all sectors of the

community.

5.6 Consultation and Engagement

5.6.1 None in the context of this decision.

6. BACKGROUND PAPERS

6.1 The currently adopted Constitution can be accessed here:
<http://barnet.moderngov.co.uk/ecCatDisplay.aspx?sch=doc&cat=13581&path=0>

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Appendix A – Proposed changes to Committee Terms of Reference

<p>Community Leadership & Libraries Committee</p>	<p>(1) Responsibility for libraries, culture, civic events, the mayoralty, community safety, registration and nationality service and grants to the voluntary sector.</p> <p>(2) To receive nominations and determine applications for buildings / land to be listed as an Asset of Community Value (Community Right to Bid)</p> <p>(3) To submit to the Policy and Resources Committee proposals on the Committee’s budget for the following year in accordance with the budget timetable and make recommendations on issues relating to virements, underspends or overspends. No decisions which result in amendments to the agreed budget may be made by the Committee unless and until the amendment has been agreed by Policy and Resources Committee.</p> <p>(4) To receive reports on relevant performance information and risk on the services under the remit of the Committee.</p>	<p>10</p> <p>Chairman, Vice Chairman, Members and substitutes appointed by Council.</p> <p>6 substitutes</p> <p>Quorum 3</p>
<p>Health and Wellbeing Board</p>	<p>(1) To jointly assess the health and social care needs of the population with NHS commissioners, and use<u>apply</u> the findings of a Barnet J<u>oint</u> S<u>trategic</u> N<u>needs</u> A<u>assessment</u> (JSNA) to <u>inform</u> all relevant <u>local</u> strategies and policies <u>across</u> <u>partnership</u>.</p> <p>(2) To agree a Health and Wellbeing Strategy (HWBS) for Barnet taking into account the findings of the JSNA and <u>strategically</u> <u>oversee</u> <u>performance</u> <u>manage</u> its implementation to ensure that improved <u>population</u> outcomes are being delivered.</p> <p>(3) To work together to ensure the best fit between available resources to meet the health and social care needs of the <u>whole</u> population of Barnet, (including children), by</p>	<p>12</p> <p>Chairman, Vice Chairman, Members and substitutes appointed by Council.</p> <p><u>Vice Chairman is Chair of Barnet CCG Governing Body</u></p> <p>Three Members of the Council</p> <p>Director of Public Health</p> <p>Strategic Director for Children & Young People</p>

	<p>both improving services for health and social care and helping people to move as close as possible to a state of complete physical, mental and social wellbeing. Specific resources to be overseen include money for social care being allocated through the NHS; dedicated public health budgets; the Better Care Fund; and Section 75 partnership agreements between the NHS and the Council.</p> <p>(4) To provide collective leadership and enable shared decision making, ownership and accountability</p> <p>(5) To promote partnership and, as appropriate, integration, across all necessary areas, including the use of joined-up commissioning plans and joined-up approach to securing external funding across the NHS, social care, voluntary and community sector and public health.</p> <p>(6) To explore partnership work across North Central London where appropriate.</p> <p>(5) Specific responsibilities for:</p> <ul style="list-style-type: none"> • Overseeing public health and promoting prevention agenda across the partnership • Developing further health and social care integration. 	<p>Strategic Director for Adults, Communities & Health</p> <p>Barnet Clinical Commissioning Group- Board members x 3</p> <p>Barnet Clinical Commissioning Group- Chief Officer</p> <p>Barnet Healthwatch representative</p> <p>Barnet voluntary and community sector representative</p> <p>Independent Chair of the Adults and Children’s Safeguarding Boards (Non-Voting Member)</p> <p>NHS England</p> <p>Each member may nominate a substitute if they cannot attend.</p> <p>Requirement for proportionality is waived and voting rights allowed to members other than Members of the Council.</p> <p>Quorum 3</p>
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Appendix B - Article 9 – Chief Officers

9.1 Management Structure

- (a) **General.** The Council may engage such staff (referred to as officers) as it considers necessary to carry out its functions. Apart from those officers referred to in (b) immediately below, all officers are appointed by the Chief Executive.
- (b) **Chief Officers.** Members will appoint staff for the following posts, who will be designated Chief Officers:

Chief Executive (Head of Paid Service)
Deputy Chief Executive
Assistant Chief Executive
Strategic Director, Children and Young People
Strategic Director, Adults, Communities and Health
Strategic Director, Environment
Director of Resources (Chief Finance Officer / Section 151 Officer)
Director of Public Health

Delegated Authority to Chief Executive and Chief Officers

(i) Chief Officers (Deputy Chief Executive, Assistant Chief Executive, Strategic Directors for Adults, Children and Environment, Director of Resources) have the following delegated powers in respect of all matters which are not key decisions (as defined in Article 2) and not reserved for decision by the Council or by a Committee of the Council:

(a) to make decisions and approve expenditure relating to their functions and the functions of their Department, where necessary in accordance with (b) and (c) below, and providing (1) that the sum expended is within the approved budget for the Department and/or relevant portfolio, and (2) the amount in relation to any single matter does not exceed £181,302.

(b) to determine employment matters relating to staff including all changes to staffing structures. This power will not include changes to terms and conditions of employment or additional payments to any individual member of staff above £100K.

(c) to approve tender strategies and award contracts in accordance with the Council's Contract Procedure Rules within Part 2 of the Constitution.

(d) the Chief Executive has all the above delegated authority and as may be necessary, determine which Department discharges any particular Council function if this is not clear.

Discretion to Refer Matters to Members: Where a Chief Officer believes that a matter that is within their delegated authority is significant or sensitive they have the discretion to refer it to Members for decision.

(ii) These powers may be delegated further under a Scheme of Delegation and powers are also delegated to all officers in accordance with their job description and department budget.

(iii) Officers should ensure that delegated powers are exercised in accordance with relevant Council policies and procedures and all decisions with a value of £50,000 or more made by officers under delegated powers should be listed in writing and a copy of the list for each Department produced to the Chief Executive and the Leader on the 30th September and 31st March of each year.

(iv) The Chief Executive and Chief Officers may exercise voting rights at general meetings of companies of which the Council is a member or by written resolution and may take any necessary action to protect, safeguard and effectively manage the Council's interest in such companies.

(c) Statutory Officers

The Council will designate the following posts as shown:

Post	Statutory Designation
Chief Executive	Head of Paid Service
Chief Legal Advisor	Monitoring Officer
Director of Resources	Chief Finance Officer / Section 151 Officer
Strategic Director, Children and Young People	Director of Children's Services
Strategic Director, Adults Communities and Health	Director for Adult Social Services
Director of Public Health	Director of Public Health

9.2 Functions of Head of Paid Service

(a) **Discharge of functions by the Council.** The Head of Paid Service will report to full Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required for the discharge of functions and the organisation of officers.

(b) **Restriction of functions.** The Head of Paid Service may not be the Monitoring Officer, but may hold the post of Chief Finance Officer if a qualified accountant.

- (c) The Head of Paid Service has authority over all other chief officers so far as is necessary for efficient management and for carrying out the Council's functions.

9.3 Functions of the Monitoring Officer

- (a) **Maintaining the Constitution.** The Monitoring Officer, in consultation with the Head of Governance, will maintain an up-to-date version of the Constitution and will ensure that it is available for consultation by Members, staff and the public.
- (b) **Ensuring lawfulness and fairness of decision-making.** After consulting with the Head of Paid Service and the Assistant Chief Executive, the Monitoring Officer will report to the full council if s/he considers that any proposal, decision or omission which is referred by Harrow and Barnet Public Law or which is otherwise notified to him/her, would give rise to unlawfulness or if any decision or omission so referred would give rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.
- (c) **Ensuring lawfulness and fairness of council operating procedures.** After consulting with the Head of Governance and the relevant senior line manager the Monitoring Officer will report to the Head of Paid Service and the Assistant Chief Executive any council process or procedure which s/he considers would give rise to unlawfulness or if any such process or procedure would give rise to maladministration.
- (d) **Managing the relationship with Harrow & Barnet Public Law.** As Chief Legal Advisor within the council, responsibility to manage the strategic relationship with Harrow & Barnet Public Law to ensure the council continues to be provided with a legal service which meets its needs and to advise the Head of Paid Service and Assistant Chief Executive where any risks are identified.
- (e) **Supporting the Constitution, Ethics and Probity Committee.** The Monitoring Officer will contribute to the promotion and maintenance of high standards of conduct through provision of support to the Constitution, Ethics and Probity Committee.
- (f) **Conducting investigations.** The Monitoring Officer will conduct or appoint Officers or others to conduct investigations into allegations of breach of the Member Code of Conduct. Then s/he or they will make reports and recommendations in respect of such allegations in accordance with the procedure for handling complaints against Members.
- (g) **Providing legal advice.** The Monitoring Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors.
- (h) **Register of Members Interests.** The Monitoring Officer will keep and maintain the Register of Members Interests and ensure its availability to the public.

9.4 Functions of the Chief Finance Officer / Section 151 Officer

- (a) **Ensuring lawfulness and financial prudence of decision-making.** After consulting with the Head of Paid Service and the Monitoring Officer, the Chief Finance Officer will report to the full Council and the council's external auditor if he or she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency or if the council is about to enter an item of account unlawfully.
- (b) **Estimates and resources.** In accordance with the Local Government Act 2003 to advise on robustness of estimates and level of resources.
- (c) **Administration of financial affairs.** The Chief Finance Officer will have responsibility for the administration of the financial affairs of the council.
- (d) **Providing financial advice.** The Chief Finance Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors and will support and advise councillors and officers in their respective roles.
- (e) **Give financial information.** The Chief Finance Officer will provide financial information to the media, members of the public and the community.
- (f) **Pensions governance.** The Chief Finance Officer will provide support to the Pension Fund Committee and Local Pension Board.
- (g) Debt Management. The Chief Finance Officer will in consultation with HB Public Law write off debt amounts up to and including £5,000**

9.5 Functions of the Director of Children's Services

- (a) The Council as a children's services authority is required by the Children Act 2004 to appoint an officer to be known as the Director of Children's Services. The Strategic Director, Children and Young People will fulfil the role of the Director of Children's Services.
- (b) The Director of Children's Services is responsible for the delivery of the Council's education and social services functions for children, and any health functions for children delegated to the Council by an NHS body and as required by the Children Act 2004.

9.6 Functions of the Director of Adult Social Services

- (a) The Strategic Director, Adults Communities and Health will fulfil the role of the Director for Adult Social Services as required by the Local Authority Health Social Services Act 1970, as amended by the Children Act 2004.
- (b) The Strategic Director, Adults Communities and Health is responsible for the delivery of the Council's social services functions, other than those for which

the Council's Director of Children's Services is responsible under the Children Act 2004.

9.7 Functions of the Director of Public Health (DPH)

- (a) The DPH is responsible for writing the Annual Report on the health of the local population.
- (b) The DPH is responsible for all of the local authority's duties to take steps to improve public health.
- (c) The DPH is responsible for exercising the local authority's functions in planning for, and responding to, emergencies that present a risk to public health.
- (d) The DPH is responsible for exercising the local authority's role in co-operating with the Police, the Probation Service and the Prison Service to assess the risks posed by violent or sexual offenders.
- (e) The DPH is responsible for the local authority's public health response as a responsible authority under the Licensing Act 2003, such as making representations about licensing applications.
- (f) The DPH is responsible for exercising the local authority's duties to ensure plans are in place to protect their population including through screening and immunisation.

9.8 Duty to provide sufficient resources to the Monitoring Officer and Chief Finance Officer

The Council will provide the Monitoring Officer and Chief Finance Officer with such officers, accommodation and other resources as are in their reasonable opinion sufficient to allow their duties to be performed.

9.9 Conduct

Officers will comply with the Officers' Code of Conduct and the Protocol on Member/Officer Relations set out in this Constitution.

9.10 Employment

The recruitment, selection and dismissal of officers will comply with the Human Resources (HR) Regulations.

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	<p>Council</p> <p>30 October 2018</p>
<p style="text-align: center;">Title</p>	<p>Report of the Policy & Resources Committee – Treasury Management – Out-Turn Report (2017-18), Mid-Year Review (2018-19) and Revised Treasury Management Strategy Statement 2018/19</p>
<p style="text-align: center;">Report of</p>	<p>Director of Finance (Section 151 Officer)</p>
<p style="text-align: center;">Wards</p>	<p>All</p>
<p style="text-align: center;">Status</p>	<p>Public</p>
<p style="text-align: center;">Urgent</p>	<p>No</p>
<p style="text-align: center;">Key</p>	<p>No</p>
<p style="text-align: center;">Enclosures</p>	<p>Annex 1 – Report to Policy & Resources Committee, 23 October 2018, Treasury Management – Out-Turn Report (2017-18) and Mid-Year Review (2018-19) Appendix 1 – Treasury Management Outturn 2017/18 Appendix 2 – Mid-Year Treasury Management Review 2018/19 Appendix 3 – Revised TMSS 2018/19</p>
<p style="text-align: center;">Officer Contact Details</p>	<p>George Bruce, Head of Treasury, CSG george.bruce@barnet.gov.uk- 0208 359 7126</p>

<h2>Summary</h2>
<p>This report encloses the report due to be considered by Policy & Resources Committee on 23 October 2018 and sets out the recommendations the Committee made to Full Council. Full Council are requested to approve the recommendations, subject to them being initially agreed by the Policy & Resources Committee.</p>

<h2>Recommendations</h2>

Subject to the Policy & Resources Committee on 23 October 2018 agreeing that Council:

- 1. Note the Treasury Management Outturn 2017/18 (Appendix 1)**
- 2. Note the – Mid-Year Treasury Management Review 2018/19 (Appendix 2)**
- 3. Approve the amended Appendix 5.3 Credit and Counterparty Risk Management to the 2018-19 Treasury Management Strategy Statement as highlighted in Appendix 3.**

1. WHY THIS REPORT IS NEEDED

- 1.1 As set out in the Report to Policy and Resources Committee, 23 October 2018.

2. REASONS FOR RECOMMENDATIONS

- 2.1 As set out in the Report to Policy and Resources Committee, 23 October 2018

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 As set out in the Report to Policy and Resources Committee, 23 October 2018

4 POST DECISION IMPLEMENTATION

- 4.1 The alternations to the TMSS will be implemented by the Director of Finance.

5 IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 As set out in the Report to Policy and Resources Committee, 23 October 2018

5.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 As set out in the Report to Policy and Resources Committee, 23 October 2018.

5.3 Social Value

- 5.3.1 There are no social value issues in connection with the report.

5.4 Legal and Constitutional References

- 5.4.1 Constitution, Responsibilities for Functions, section 1 states that “only the full Council will exercise the following functions:

Approving the strategic financing of the Council upon recommendations of the Policy and Resources Committee including:

Determination of the Financial Strategy.

5.4.2 Section 15 of the Local Government Act 2003 requires local authorities 'to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify'. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 in Regulation 24 require local authorities to have regard to the TM Code of Practice. Investment guidance issued by the Department for Communities and Local Government (DCLG) which came into effect from 1st April 2010 requires investment policy to emphasise security and liquidity over income.

5.5 Risk Management

5.5.1 As set out in the Report to Policy and Resources Committee, 23 October 2018

5.6 Equalities and Diversity

5.6.1 As set out in the Report to Policy and Resources Committee, 23 October 2018

5.7 Consultation and Engagement

5.7.1 The TMSS forms part of the Corporate Plan and is consulted on as part of the plan.

6 BACKGROUND PAPERS

6.1 Full Council, 7 March 2017 – Business Planning, item 11.1 Appendix I
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8819&Ver=4>

6.2 Full Council 6 March 2018 – Business Planning item 12.1 Appendix J
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=9162&Ver=4>

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	<h2>Policy and Resources Committee</h2> <h3>23 October 2018</h3>
Title	Treasury Management – Out-Turn Report (2017-18) and Mid-Year Review (2018-19)
Report of	Director of Finance
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1 – Out-Turn Treasury Management (2017-18) Appendix 2 - Mid – Year Treasury Management (2018-19) Appendix 3 – Revised TMSS 2018-19.
Officer Contact Details	George Bruce, Head of Treasury, CSG george.bruce@barnet.gov.uk - 0208 359 7126

<h2>Summary</h2>
<p>Council approved the Treasury Management Strategy Statement (“TMSS”) for 2017-18 on 7th March 2017 and the TMSS for 2018-19 on 6 March 2018. The CIPFA Treasury Management Code of Practice requires a mid-year review of activities and annual out-turn report. This report covers the out-turn for 2017-18 and mid-year for 2018-19. The attached reports demonstrate compliance with the limits contained within the TMSS’s for both years. It is proposed to amend the TMSS for 2018-19 by including within the investment strategy an additional investment category for “Loans to organisations delivering community benefits”. The amendment to the TMSS requires the approval of Council.</p>

<h2>Recommendations</h2>
<p>The Policy and Resources Committee is invited to:</p> <ol style="list-style-type: none"> 1. Note the TMSS Out-turn report for 2017-18 (appendix 1) 2. Note the TMSS Mid-year report for 2018-19 (appendix 2) 3. Recommend to Council the amended appendix 5.3 Credit and Counterparty Risk Management to the 2018-19 TMSS as highlighted in appendix 3.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) was adopted by this Council on 3 January 2003. The code requires an annual Treasury Management Strategy Statement ("TMSS") to be approved by Council and mid-year and annual out-turn reports to be prepared and scrutinised. Attached is the out-turn report for 2017-18 and mid-year report for 2018-19.

Out-turn report 2017-18

- 1.2 The out-turn report discussed treasury outcomes for the year to 31 March 2018 compared with the projections at the start of the year.
- 1.3 There was no new borrowing during the year with a small reduction in PFI balances. Gross debt declined by £0.4 million to £320.1 million as at 31 March 2018. Capital expenditure requiring funding by debt / internal balances during the year was £23.5 million, much lower than the TMSS projection of £199.9 million.
- 1.4 Investment balances increased modestly to £95.5 million as at 31 March 2018 compared with £80.2 million twelve months earlier.
- 1.5 There were no breaches of TMSS limits during the year to 31 March 2018.

Mid-year report 2018-19

- 1.6 The mid-year report is designed to discuss treasury progress against the activity projected in the TMSS for 2018-19 and compliance with the limits set out therein.
- 1.7 The report indicates that capital expenditure is projected to be significant (£102.1 million) less than estimated in the TMSS. The revised capital expenditure of £290.8 million compared with the start of year projection of £392.9 million. The element of capital expenditure to be funded by debt has declined by £42.3 million to £134.5 million.
- 1.8 As a consequence of both the reduced capital expenditure projection for the year and a lower than anticipated debt balance at the start of the year, the revised projected debt outcome for 2018-19 is gross debt of £396.3 million compared with the TMSS projection of £510.8 million. Currently (as at 10 October 2018) actual debt of £320.1 million (including PFI of £16.0 million) is unchanged from the start of the year. It is intended to fund new borrowing requirements with short-term local authority debt until clarity of long term borrowing needs is established.

- 1.9 Cash balances are anticipated to fall from £95.5 million at the start of the year to a level sufficient to maintain liquidity, estimated at £45.5 million.
- 1.10 All the limits, including capital expenditure, borrowing and investment counterparty, set out in the TMSS have been complied with in the period.

Alteration to TMSS 2018-19

- 1.11 Included within the TMSS are the parties to whom the Council can lend monies available for investment. Historically investments have comprised deposits with banks, building societies, other local authorities and money market funds. The opportunity set is much wider including a range of debt instruments that have not recently been used as cash balances have been maintained with short maturity in the expectation that cash will be required to fund the capital programme.
- 1.12 It is proposed to include a new classification of investment within the TMSS “Loans to organisations delivering community benefits”. The purpose of this category is described in the paragraph below that has been inserted into the TMSS:

“The Council will allow loans (as a form of investment) to be made to organisations operating in the borough that bring community benefits. The Council will undertake due diligence checks to confirm the borrower’s creditworthiness before any sums are advanced and will obtain appropriate level of security or third party guarantees for loans advanced. The Council would expect a return commensurate with the type, risk and duration of the loan. A limit of **£25 million** per counterparty (and **£50 million** in aggregate) for this type of investment is proposed with a duration commensurate with the life of the asset and Council’s cash flow requirements. **All loans would need to be in line with the Council’s Scheme of Delegation and Key Decision thresholds levels.**”

- 1.13 Attached (appendix 3) is the revised counterparty policy for investment. The changes are highlighted in yellow. The key controls around this type of investment are the requirement for approval in accordance with current delegations and the requirement for a credit assessment by a suitably qualified external advisor appointed by the Council.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The preparation and review of treasury management mid-year and out-turn reviews is required by CIPFA’s treasury management Code of Practice.

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 A change in the investment strategy for 2018-19 is proposed to allow loans to organisations providing local benefits. The alternative is to leave the strategy

unchanged. Any such loan would be approved by the Finance Director (and in accordance with all other decision threshold limits) after considering suitable external advice.

4 POST DECISION IMPLEMENTATION

4.1 The revisions to the TMSS for 2018-19 requires the approval of Council.

5 IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The TMSS forms part of the Council's Corporate Plan for 2015-20.

5.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The report discusses financial and budgetary issues.

5.2.2 There are no performance and value for money, staffing, IT, Property or Sustainability implications arising from this report.

5.3 Social Value

5.3.1 There are no social value issues in connection with the report.

5.4 Legal and Constitutional References

5.4.1 The Council's Constitution – Article 7 specifies the terms of reference of the Policy and Resources Committee to include "Finance including Treasury Management".

5.4.2 Section 15 of the Local Government Act 2003 requires local authorities 'to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify'. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 in Regulation 24 require local authorities to have regard to the TM Code of Practice. Investment guidance issued by the Department for Communities and Local Government (DCLG) which came into effect from 1st April 2010 requires investment policy to emphasise security and liquidity over income.

5.5 Risk Management

5.5.1 The Council has the freedom to adopt its own treasury management policies. The CIPFA code of practice, which specifies the format and frequency of reporting, is part of the risk management procedures for treasury.

5.6 Equalities and Diversity

Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

5.7 Consultation and Engagement

- 5.7.1 The TMSS forms part of the Corporate Plan and is consulted on as part of the plan.

6 BACKGROUND PAPERS

- 6.1 Full Council, 7 March 2017 – Business Planning, item 11.1 Appendix I

<https://barnetintranet.moderngov.co.uk/mgChooseDocPack.aspx?ID=8819>

- 6.2 Full Council 6 March 2018 – Business Planning item 12.1 Appendix J

<https://barnetintranet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=9162&Ver=4>

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London Borough of Barnet

**Annual Treasury Management Out-
turn Review**

2017/18

Annual Treasury Management Review 2017/18

1. Introduction

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2017/18. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2017/18 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 7th March 2017)
- a mid-year (minimum) treasury update report (Performance and Contract Management Committee 28 November 2017)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by either the Policy and Resources Committee or the Performance and Contract Management Committee before they were reported to the full Council. Member training on treasury management issues was undertaken during the year on 13th February 2018 in order to support members' scrutiny role.

2. Summary

Debt

There was no new borrowing during the year, with a small reduction in PFI balances. Gross debt declined by £0.4 million to £320.1 million. Capital expenditure requiring funding by debt / internal balances was £23.5 million, much lower than the TMSS projection of £199.9 million.

Investments

Investment balances increased modestly to £95.5 million compared with £80.2 million at the start of the year.

TMSS Limits

There were no breaches of limits during the year to 31 March 2018.

3. The Economy and Interest Rates

During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year which meant that growth was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up modestly in the second half of 2017. Consequently, market expectations during the autumn, rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The minutes of the MPC meeting of 14 September indicated that the MPC was likely to raise Bank Rate very soon. The 2 November MPC quarterly Inflation Report meeting duly delivered by raising Bank Rate from 0.25% to 0.50%.

The 8 February 2018 MPC meeting minutes then revealed another sharp hardening in MPC warnings on a more imminent and faster pace of increases in Bank Rate than had previously been expected. Market expectations for increases in Bank Rate, therefore, shifted considerably during the second half of 2017-18 and resulted in investment rates from 3 – 12 months increasing sharply during the spring quarter.

PWLB borrowing rates increased correspondingly to the above developments with the shorter-term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to US treasuries. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 years, rather than longer term yields.

The major UK landmark event of the year was the inconclusive result of the general election on 8 June. However, this had relatively little impact on financial markets.

4. Overall Treasury Position as at 31 March 2018

At the beginning and the end of 2017/18 the Council's treasury, (including borrowing by PFI and finance leases), position was as follows:

TABLE 1	31 March 2017	Rate/ Return	Average Life	31 March 2018	Rate/ Return	Average Life
	Principal £'000	%		Principal £'000	%	
debt	304,080	3.86	27.5 yrs	304,080	3.86	26.5 yrs
Other long-term liabilities	16,402			15,974		
Total debt	320,482			320,054		
CFR	435,651			459,166		
Over / (under) borrowing	-115,169			-139,112		
Total investments	80,200	0.54	30 days	95,500	0.52	47 days
Net debt	240,282			224,554		

5. The Strategy for 2017/18

The expectation for interest rates within the treasury management strategy for 2017/18 anticipated that Bank Rate would not start rising from 0.25% until quarter 2 2019 and then only increase once more before 31.3.20. There would also be gradual rises in medium and longer term fixed borrowing rates during 2017/18 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates. Investment maturities were maintained short to ensure that cash was available to finance capital expenditure. In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

During 2017/18, longer term PWLB rates were volatile but with little overall direction, whereas shorter term PWLB rates were on a rising trend during the second half of the year. There were no changes in the treasury strategy during the year.

6. The Borrowing Requirement and Debt

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). The table below summarises the opening, projected and closing capital positions.

	31-Mar-17 Actual	31-Mar-18 Budget	31-Mar-18 Actual
CFR General Fund (£'000)	235,017	409,939	258,532
CFR HRA (£'000)	200,634	228,145	200,634
Total CFR (£'000)	435,651	638,084	459,166

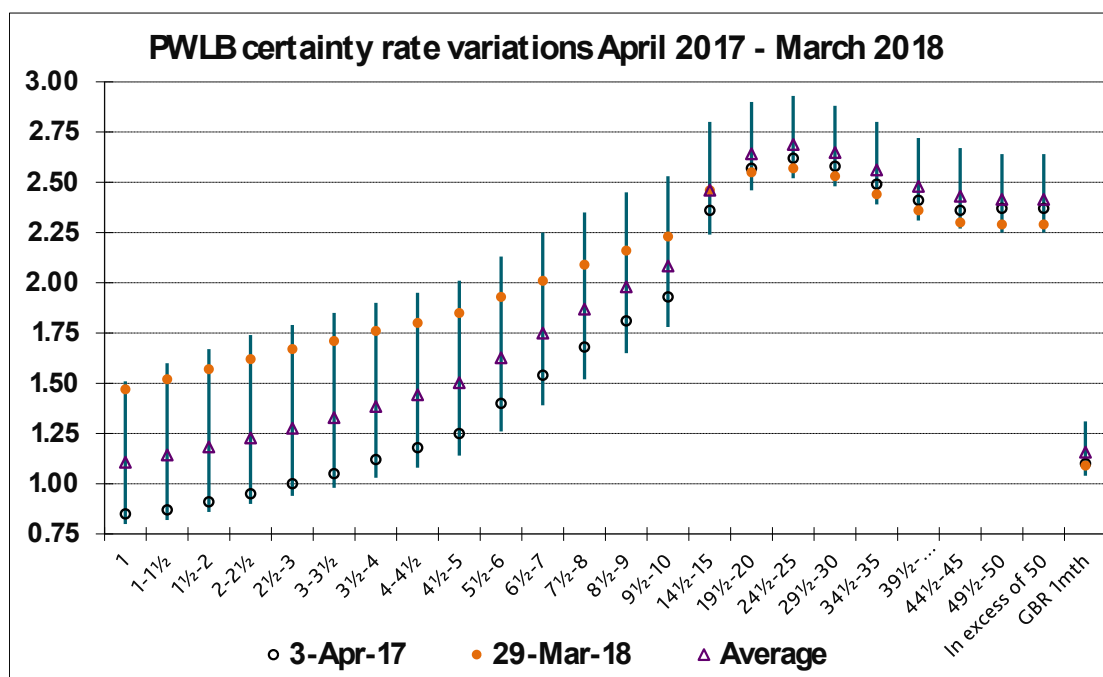
7. Borrowing Rates in 2017/18

PWLB certainty maturity borrowing rates

As depicted in the graph below, longer term PWLB rates have been volatile during the year with little consistent trend. However, shorter rates were on a rising trend during the second half of the year and reached peaks in February / March.

During the year, the 50 year PWLB target (certainty) rate for new long-term borrowing was 2.50% in quarters 1 and 3 and 2.60% in quarters 2 and 4.

The graph shows the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



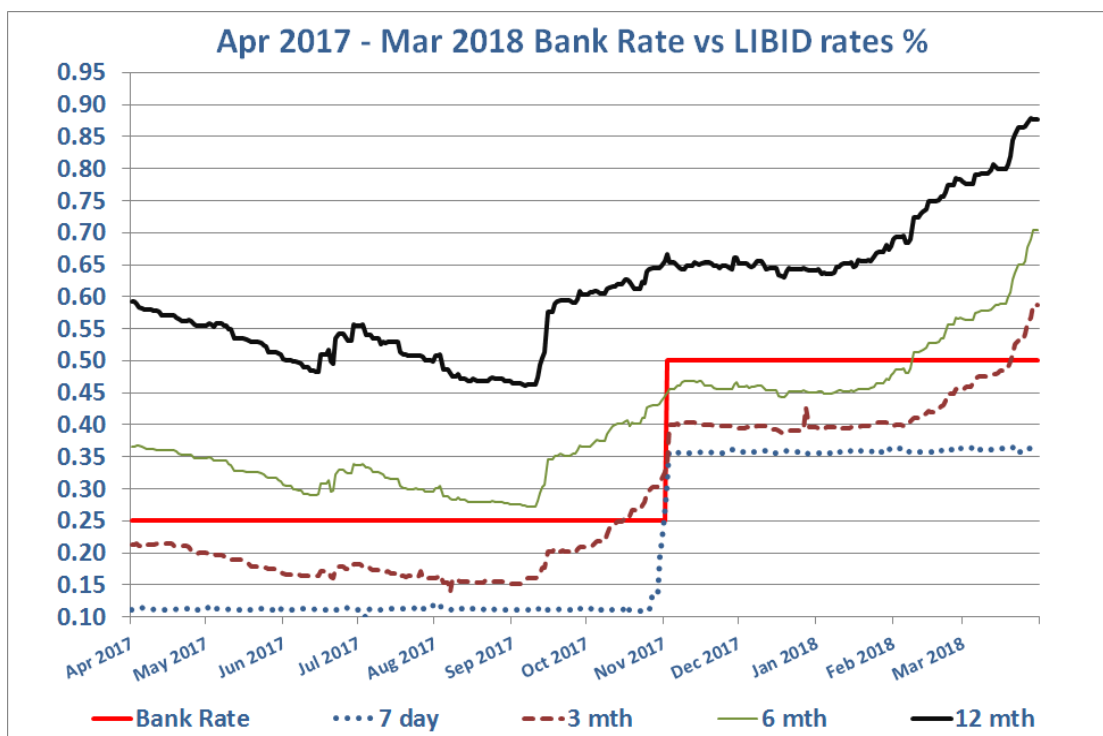
8. Borrowing Outturn for 2017/18

There were no changes in the Council debt during the year, with no repayments or new advances. The value of debt was £304.08 million throughout the year. In addition, there was £15.974 million of PFI liabilities as at 31 March 2018.

The TMSS forecast closing gross borrowing of £504.0 million, derived from £199.9 million of debt funded capital expenditure. The value of capital expenditure funded by internal cash during the year was considerably lower at £23.5 million.

9. Investment Rates in 2017/18

Investments rates for 3 months and longer have been on a rising trend during the second half of the year in the expectation of Bank Rate increasing from its floor of 0.25%, and reached a peak at the end of March. Bank Rate was duly raised from 0.25% to 0.50% on 2 November 2017 and remained at that level for the rest of the year. However, further increases are expected over the next few years. Deposit rates continued into the start of 2017/18 at previous depressed levels due, in part, to a large tranche of cheap financing being made available under the Term Funding Scheme to the banking sector by the Bank of England; this facility ended on 28 February 2018.



10. Investment Outturn for 2017/18

Investment Policy – the Council’s investment policy is governed by MHCLG guidance, which has been implemented in the annual investment strategy approved by the Council on 7 March 2017. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had retained sufficient cash balances to meet all its obligations on time.

Investments held by the Council - the Council maintained an average balance of £98.8 million of internally managed funds. The internally managed funds earned an average rate of return of 0.52%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.21%. This compares with a budget assumption of £100 investment balances earning an average rate of 0.25%.

11. Other Issues

1. Revised CIPFA Codes

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code.

A particular focus of these revised codes was how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the Authority at a much higher level than can be attained by treasury investments. One recommendation was that local authorities should produce a new report to members to give a high-level summary of the overall capital strategy and to enable members to see how the cash resources of the Authority have been apportioned between treasury and non-treasury

investments. Officers will report to members when the implications of these new codes have been assessed as to the likely impact on this Authority.

2. Markets in Financial Instruments Directive II (MiFID II)

The EU set the date of 3 January 2018 for the introduction of regulations under MIFID II. These regulations govern the relationship that financial institutions conducting lending and borrowing transactions will have with local authorities from that date. This has had little effect on this Authority apart from having to fill in forms sent by each institution dealing with this Authority and for each type of investment instrument we use, apart from for cash deposits with banks and building societies. All counterparties in use agreed to treat the Council as a professional investor.

Appendix 1: Prudential and treasury indicators

The table below compares the prudential indicators set out at the start of 2017-18 with those achieved at 31st March 2018.

1. PRUDENTIAL INDICATORS	2016/17	2017/18	2017/18
	actual	original	actual
	£'000	£'000	£'000
Capital Expenditure			
Non - HRA	99,485	306,686	115,514
HRA (applies only to housing authorities)	37,826	77,118	49,378
TOTAL	137,311	383,804	164,892
Financing of Capital Expenditure			
Capital receipts	26,435	59,182	32,706
Capital grants	29,459	56,124	60,886
Capital reserves	20,749	47,554	7,598
Revenue	27,769	37,018	40,187
Total	104,412	199,878	141,377
Net Financing Need for the Year	32,899	183,926	23,515
Ratio of financing costs to net revenue stream			
Non - HRA (ex PFI)	3.87%	5.75%	4.54%
HRA	11.52%	15.16%	11.77%
Gross borrowing as at 31 March			
Non - HRA	120,981	283,522	120,553
HRA	199,501	220,518	199,501
Total	320,482	504,040	320,054
CFR			
Non - HRA	235,017	409,939	258,532
HRA	200,634	228,145	200,634
TOTAL	435,651	638,084	459,166

NB: Ratio of financing costs as a proportion of 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 increase between 2016/17 and 2017/18 is due to higher MRP charges in the later year. The TMSS ratio has been restated due to a calculation error – previously reported as 4.41%.

2. TREASURY MANAGEMENT INDICATORS	2016/17	2017/18	2017/18
	actual	TMSS limits	actual
	£'000	£'000	£'000
Authorised Limit for external debt -			
borrowing	304,080	598,029	304,080
other long-term liabilities	16,402	31,034	15,974
TOTAL	320,482	629,063	320,054
Operational Boundary for external debt -			
borrowing	304,080	598,029	304,080
other long-term liabilities	16,402	16,034	15,974
TOTAL	320,482	614,063	320,054
HRA Debt Limit			
HRA debt Cap	240,643	240,043	240,643
HRA CFR	200,634	228,145	200,634
HRA headroom	40,009	11,898	40,009
Upper limit for fixed interest rate exposure	100%	100%	100%
Upper limit for variable rate exposure	0%	30%	0%
Upper limit for total principal sums invested for over 364 days	nil	150,000	nil

The authorised limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2017/18 the Council has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

3. Maturity Profile of Debt	31-Mar-17	2017/18	31-Mar-18
	actual	TMSS Upper limits	actual
Under 12 months	0%	50%	0%
12 months and within 24 months	0%	50%	0%
24 months and within 5 years	0%	75%	0%
5 years and within 10 years	0.7%	75%	7.4%
10 years and within 60 years	99.3%	100%	92.6%

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**London Borough of Barnet
Treasury Management Strategy Statement
and Annual Investment Strategy
Mid-year Review Report 2018/19**

1 Background

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management role is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity as a priority alongside optimising investment return.

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 the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined 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.”

2 Introduction

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) was adopted by this Council on 3 January 2003.

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Policy and Resources Committee:

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2018/19 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (prudential indicators);

- A review of the Council's investment portfolio for 2018/19;
- A review of the Council's borrowing strategy for 2018/19;
- A review of compliance with Treasury and Prudential Limits for 2018/19.

3. Summary

In the first six months of the year there has been no new borrowing and cash balances have been invested in accordance with the investment strategy set out in the TMSS. Cash balances as at 30 September 2018 were £76.4 million (£95.5 million as at 31 March 2018).

As detailed in appendix 1, it is proposed to change the investment strategy to permit loans to local organisations. This change requires Council approval.

3 Economics and interest rates

3.1 Economics update

The first half of 2018/19 has seen UK economic growth post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase Bank Rate on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

Some MPC members have expressed concerns about a build-up of inflationary pressures, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.

As for the labour market, unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9%, (3-month average regular pay, excluding bonuses) and to a one month figure in July of 3.1%. This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. (The previous high point was in July 2015.) Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC were right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.

In the political arena, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

3.2 Interest rate forecasts

The Council's treasury advisor, Capita Asset Services, has provided the following forecast of interest rates for borrowing:

Link Asset Services Interest Rate View											
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 Month LIBID	0.75%	0.80%	0.80%	0.90%	1.10%	1.10%	1.20%	1.40%	1.50%	1.60%	1.60%
6 Month LIBID	0.85%	0.90%	0.90%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 Month LIBID	1.00%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%	1.60%	1.70%	1.80%	1.80%
5yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10yr PWLB Rate	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

The forecast across all time periods is for gradual increases of between 0.6% and 0.85% in the 30-month period.

The overall balance of risks to economic recovery in the UK is currently to the downside but huge variables over the coming few years include just what final form Brexit will take, when finally agreed with the EU.

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

- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- Geopolitical risks in Europe, the Middle East and Asia, which could lead to increasing safe haven flows.
- A resurgence of the Eurozone sovereign debt crisis.
- Weak capitalisation of some European banks.
- Monetary policy action failing to stimulate sustainable growth and to get inflation up consistently to around monetary policy target levels.

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

- The pace and timing of increases in the Fed. Funds Rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.

- UK inflation returning to significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

For LB Barnet with its significant capital expenditure plans and future borrowing requirements as set out in the 2018/19 TMSS, the expectation of interest rate increases but uncertainty as to extent and timing has implications for borrowing decisions. The current policy of borrowing short term will be kept under review.

4 Treasury Management Strategy Statement and Annual Investment Strategy update

The Treasury Management Strategy Statement (TMSS) for 2018/19 was approved by this Council on 6 March 2018. There is one proposed change to the TMSS discussed below; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

5 The Council's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed as part of the Budget.

Capital Expenditure	2017-18 Actual	2018-19 as shown in TMSS	2018-19 Revised budget	2018-19 Period 5 Projection
	£'000	£'000	£'000	£'000
Non-HRA	115,514	312,598	282,962	250,876
HRA	49,378	80,312	41,512	39,930
Total	164,892	392,910	324,474	290,806

Forecast capital expenditure for 2018-19 as at Month 5 totals £290.8 million, which is £33.7 million lower than the last approved budget. Details are given within month 5 Financial Monitoring report. The main variances are slippage on Housing Needs and Resources (£18.0 million) and Open Door Homes loan (£31.9 million), offset by additional expenditure on the direct acquisition of residential properties (£13.8 million).

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure Financing	2017-18 Actual	2018-19 as shown in TMSS	2018-19 Revised budget	2018-19 Period 5 Projection
		£'000	£'000	£'000
Capital receipts	32,706	84,570	51,662	51,698
Capital Grants	60,886	45,837	53,138	52,530
Capital Reserves	7,598	48,458	18,474	16,284
Revenue	40,187	37,215	39,175	35,757
Total Financing	141,377	216,080	162,449	156,269
Borrowing requirement	23,515	176,830	162,025	134,537
	164,892	392,910	324,474	290,806

Projected changes for the capital programme have resulted in a reduced new borrowing requirement of £27.5 million compared with the revised budget.

5.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, how this has changed compared with the estimate contained within the TMSS and the debt headroom based on the operational boundary for debt.

	31 March 2018 Actual	2018-19 as shown in TMSS	2018-19 Revised Estimate
Prudential Indicator - Capital Financing Requirement			
	£'000	£'000	£'000
CFR - Non Housing	258,532	458,979	373,058
CFR - Housing	200,634	225,466	209,731
Total CFR	<u>459,166</u>	<u>684,445</u>	<u>582,789</u>
Net movement in CFR		<u>225,279</u>	<u>123,623</u>
Prudential Indicator - the operational boundary for external debt			
	Actual - as at 30 Sept 2018	TMSS Projection	Revised Projection
	£'000	£'000	£'000
Borrowing	304,080	495,496	380,703
Other Long term liabilities	15,974	15,288	15,601
Total debt (yearend position)	<u>320,054</u>	<u>510,784</u>	<u>396,304</u>
TMSS Operational boundary		584,445	584,445
Debt headroom available		<u>73,661</u>	<u>188,141</u>

Due to slippage in the capital programme as noted above, the projected year end CFR has reduced by £101.7 million to £582.8 million.

The impact on projected debt is that the current forecast year-end borrowing is £396.3 million, which is an increase in the year of £76.2 million, much lower than the original increase projected of £190.7 million. It would not be a surprise if further slippage in the capital programme resulted in less year-end debt than projected above. Further details of the net debt position are given below.

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total

of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

Estimate of the net debt position	31 March 2018 Actual	As at 31 August 2018	2018-19 Revised Estimate
	£'000	£'000	£'000
Borrowing	304,080	304,080	380,703
Other long-term liabilities	15,974	15,974	15,661
Treasury investments	-95,500	-84,400	-45,500
Net debt	<u>224,554</u>	<u>235,654</u>	<u>350,864</u>
CFR	459,166		582,789

The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2018-19 original indicator	current position 30 September 2018	2018-19 Revised Estimate
	£'000	£'000	£'000
Borrowing	659,157	304,080	380,703
other long-term liabilities	<u>25,288</u>	<u>15,974</u>	<u>15,661</u>
Total	684,445	320,054	396,364

* Includes on balance sheet PFI schemes and finance leases etc.

The projected year end position is significantly lower than the authorised limit for external debt.

6 Investment Portfolio 2017/18

In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As shown by forecasts in section 3.2, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short-term strategy. Given this risk environment and the fact that increases

in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

The Council held £84.4 million of investments as at 31 August 2018 (£95.5m at 31 March 2018) and the investment portfolio yield for the first six months of the year is 0.68% against a 7-day LiBID benchmark) of 0.48%.

A full list of investments held as at 31st August 2018 is in appendix 1:

The Director of Finance confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2018/19.

The Council's budgeted investment return for 2018/19 is £1.7 million and performance for the year to date is significantly below budget with a projection of £0.4 million. Cash balances are being minimised to avoid taking on additional debt as was projected in the TMSS. The recent increase in bank rate offers the scope to earn additional interest.

The treasury team continues to abide by the counterparty limits set out in the TMSS. Daily reports on credit rating are received and monitored. The treasury portfolio is signed off daily by the Head of Treasury and all deals are approved by Capita before completion.

Investment Counterparty criteria

Although the current treasury plan is to minimise investment balances (and therefore minimise borrowing needs) there will always be core cash balances due to the prudence built into treasury forecasting and the need to ensure liquidity. As demonstrated above, treasury balances invested in traditional cash and money market instruments are generating minimal returns. The investment strategy currently allows investment in a wide range of non-cash asset classes; bonds, property, commodities (gold) and equity via collective funds. Depending on the structure of the investment, individual limits of £10 million or £25 million are permitted.

As yet no investments have been made in non-traditional asset classes. However, opportunities will be investigated to make selective investments in long term bonds, property and low risk multi asset funds. When making these types of investments the emphasis will remain on low volatility and liquidity. Individual investments into non-traditional collective funds will not exceed £5 million. Advice is taken from Capita Treasury Solutions in structuring and allocating treasury investments.

It is proposed to include a new classification of investment within the TMSS "Loans to organisations delivering community benefits". The purpose of this category is described in the paragraph below that has been inserted into the TMSS:

"The Council will allow loans (as a form of investment) to be made to organisations operating in the borough that bring community benefits. The Council will undertake due diligence checks to confirm the borrower's creditworthiness before any sums are advanced and will obtain appropriate level of security or third party guarantees for loans advanced. The Council would expect a return commensurate with the type, risk and duration of the loan. A limit of £25 million per counterparty (and £50 million in aggregate) for this type of investment is proposed with a duration commensurate with the life of the asset and Council's cash flow requirements. All loans would need to be in line with the Council's Scheme of Delegation and Key Decision thresholds levels."

7 Borrowing

As indicated above the current projected capital programme for 2018-19 requires additional borrowing of £76.2 million. Over the three years of the TMSS to March 2021, additional debt of £241.1 million was projected in the TMSS. As at September 2018 no new debt has been raised and cash balances of £76.4 million remain significant. The unreliability of the capital expenditure plans makes debt planning uncertain. Until clarity of new borrowing needs is achieved, additional funding will focus on short maturity debt.

With Link's projections in section three indicating that PWLB borrowing interest rates will gradually rise, consideration has been given to locking in borrowing rates to provide protection against increases in future costs. There are two reasons for not doing so; firstly the unpredictability of the scale and timing of the capital programme and secondly the cost of carrying excess cash with short term interest rate on high security investments yielding less than 0.75%.

Opportunities to lock in future borrowing rates are not available through the PWLB but a number of insurance companies are interested in such arrangements, particularly for long term (20 year plus) debt. The upward trend in rates is expected to continue as shown in 3.2. Therefore, as soon as capital expenditure projections are seen as robust it would be prudent to fund, or at least part fund, to reduce the risks of increasing funding costs.

8 Debt Rescheduling

Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates, and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

9 Other

N/A

Investment Portfolio as at 31 August 2018

The table below lists the Council's treasury investments as at 31 August 2018.

	Principal (£'000)	Interest Rate (%)	Start Date	Maturity Date	Lowest long- term rating	Historic risk of Default (%)
Money Market Fund						
MMF Federated Investors	25,000	0.66			AAA	0.000
MMF Standard Life	2,000	0.63			AAA	0.000
Total Money Market	27,000					
Local Authority Deposits						
THURROCK BOR COUNCIL	5,000	0.75	10-Nov-17	09-Nov-18	AA	0.005
BABERGH DISTRICT COUNCIL	4,000	0.70	20-Aug-18	20-Sep-18	AA	0.001
LONDON BOR OF SOUTHWARK	5,000	0.95	28-Mar-18	02-Jan-19	AA	0.008
SURREY HEATH BOR COUNCIL	5,000	0.75	16-Apr-18	16-Oct-18	AA	0.003
Total Local Authority	19,000					
Banks						
LLOYDS BANK	5,000	0.68	22-Jun-18	31-Oct-18	A+	0.009
LLOYDS BANK	5,000	0.85	02-Feb-18	04-Feb-19	A+	0.023
LLOYDS BANK	5,000	1.00	19-Jun-18	19-Jun-19	A+	0.043
AUSTRALIA & NEW ZEALAND BANK	4,000	0.66	22-Jun-18	31-Oct-18	AA-	0.004
AUSTRALIA & NEW ZEALAND BANK	5,000	0.96	06-Aug-18	06-Dec-18	AA-	0.007
AUSTRALIA & NEW ZEALAND BANK	5,000	0.63	15-Jun-18	28-Sep-18	AA-	0.002
SUMITOMO MITSUI BCE	4,400	0.75	20-Jul-18	22-Oct-18	A	0.008
SUMITOMO MITSUI BCE	5,000	0.77	16-Jul-18	16-Nov-18	A	0.011
Total Banks	38,400					
Total Investments	84,400	0.75				0.007

In addition to the above, the Council's pension fund has cash balances of £4.9 million, mostly invested with Standard Life money market fund.

Treasury Management Strategy Statement 2018-19

Revision to appendix 5.3

The proposed changes to appendix 5.3 of the TMSS for 2018-19 are highlighted in yellow below:

5.3 CREDIT AND COUNTERPARTY RISK MANAGEMENT

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 23 March 2003 and will apply its principles to all investment activity. In accordance with the Code, the Director of Finance has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

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

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

The investment policy proposed for the Council is:

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

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

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.

4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's, Moody's and / or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society), which is defined as having a minimum Short Term rating of F2 (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies .

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are a maximum of 365 days (to be classified as specified) and counterparty limit of £25 m.

Further details on the counterparties and limits for specified investments are shown below.

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limits £m
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/Call Accounts	UK	Other UK Local Authorities	£25 million
Term Deposits/Call Accounts	UK*	Counterparties rated at least A- Long Term)	£25 million
Term Deposits/Call Accounts	Non-UK*	Counterparties rated at least A- Long Term in select countries with a Sovereign Rating of at least AA-	£25 million
CDs and other negotiable instruments		with banks and building societies which meet the specified investment criteria (on advice from TM Adviser)	£25 million
Deposits	UK	Registered Providers (Former RSLs)	£5m per RP
Gilts	UK	DMO	No limit
T-Bills	UK	DMO	No limit
Bonds issued by multilateral development banks		(For example, European Investment Bank/Council of Europe, Inter American Development Bank)	
AAA-rated Money Market Funds	UK/Ireland/	CNAV MMF's	£25 million
	Luxembourg domiciled	VNAV MMF's (where there is greater than 12 month history of a consistent £1 Net Asset Value)	
Other MMF's and CIS	UK/Ireland/	Collective Investment Schemes (pooled funds) which meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573 and subsequent amendments	£25 million.
	Luxembourg domiciled		

For Non-UK banks, a maximum exposure of £40 million per country (including any non-specified exposures) will apply to limit the risk of over-exposure to any one country.

Non-specified investments –are any other type of investment (i.e. not defined as specified above) although the counterparties can also have investments that meet the definition of specified. The identification of these other investments and the maximum limits to be applied are set out below.

The Council will have a maximum of £100 million invested in non-specified investments.

Loans to Local Organisations

The Council will allow loans (as a form of investment) to be made to organisations operating in the borough that bring community benefits. The Council will undertake due diligence checks to confirm the borrower’s creditworthiness before any sums are advanced and will obtain appropriate level of security or third party guarantees for loans advanced. The Council would expect a return commensurate with the type, risk and duration of the loan. A limit of **£25 million per counterparty (and £50 million in aggregate)** for this type of investment is proposed with a duration commensurate with the life of the asset and Council’s cash flow requirements. **All loans would need to be in line with the Council’s Scheme of Delegation and Key Decision thresholds levels.**

The table below details the instruments, maximum maturity and monetary limits for non-specified investments.

Instrument	Maximum maturity	Max £M of portfolio and Credit limit	Capital expenditure?	Example
Term deposits with banks, building societies which meet the specified investment criteria	10 years	£10m per counterparty	No	
Term deposits with local authorities	10 years	£25m per authority	No	
CDs and other negotiable instruments with banks and building societies which meet the specified investment criteria	10 years	£10m per counterparty	No	
Gilts	10 years	£20 million Credit limit not applicable gilts issued by UK Government	No	
Bonds issued by multilateral development banks	10 years	£20 million Minimum credit rating AA+	No	EIB Bonds, Council of Europe Bonds etc.
Sterling denominated bonds by non-UK sovereign governments	5 years	£20 million Minimum credit rating AA+	No	

Other Non-Specified investments are permitted subject to the undertaking of a credit assessment by the Council's treasury advisor (or in the case of loans to local organisations, by a suitably qualified external advisor appointed by the Council) on a case-by-case basis. These are detailed below:


Instrument	Maximum maturity	Max £M of portfolio and Credit limit	Capital expenditure?	Example
Collective Investment Schemes	N/A – these funds do not have a defined maturity date	£25 million	No	Investec Target Return Fund; Elite Charteris Premium Income Fund; LAMIT; M&G Global Dividend Growth Fund
Deposits with registered providers	5 years	£5m per registered provider/£20 million overall	No	Barnet Homes Open Door not within TMS
Corporate and debt instruments issued by corporate bodies purchased from 01/04/12 onwards	5 years	20%	No	
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573 and subsequent amendments	N/A – these funds do not have a defined maturity date	£10 million	Yes	Way Charteris Gold Portfolio Fund; Aviva Lime Fund
Bank or building societies not meeting the specified criteria	3 months	£10 million per counterparty	No	Bank or building societies not meeting specified criteria
Loans to organisations delivering community benefits	Over the life of the asset	£25 million per counterparty	No	Loans to sporting clubs based in the borough.

In the tables above, the minimum credit rating will be the lowest equivalent long-term rating assigned by Fitch, Moody's and Standard and Poor's. Where the credit ratings is the

minimum acceptable, the Council will consider rating sentiment and market sentiment e.g. the pricing of credit default swaps.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Financial Officer and if required new counterparties which meet the criteria will be added to the list. The Council will not always follow the maximum maturity guidance issued by Link. However, any deposit made with a longer maturity than the Link guidance will be approved with the Chief Financial Officer.

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	<p>Council</p> <p>30 October 2018</p>
<p>Title</p>	<p>Report of the Pension Fund Committee – London CIV (Collective Investment Vehicle) Governance Changes</p>
<p>Report of</p>	<p>Director of Finance (Section 151 Officer) Head of Governance</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public</p>
<p>Enclosures</p>	<p>Annex 1 – Report to Pension Fund Committee, 16 October 2018 Appendix 1 – London CIV CEO’s letter Appendix 2 – Notice of Dissolution</p>
<p>Officer Contact Details</p>	<p>Andrew Charlwood, Head of Governance, 020 8359 2014, andrew.charlwood@barnet.gov.uk</p>

Summary

LB Barnet Pension Fund is required by Government over an extended timescale to transfer its investments to oversight by the London CIV. London Authorities are being asked to approve new governance arrangements for the LCIV as detailed in this paper. A report was considered by the Pension Fund Committee on 16 October 2018 who agreed to recommend to Council the changes as set out in the report to the Committee.

Recommendations

That Council agrees to:

- 1. Revoke the Council’s delegation of the joint discharge of the relevant functions to the Pensions CIV Joint Committee (“PCSJC”).**
- 2. Endorse the new governance arrangements referred to in the paper and in the letter signed by the Chief Executive of London CIV and the Chief Executive of London Councils dated 13 June 2018 (Appendix 1) “New Arrangements”).**
- 3. Confirm and accept that the new governance arrangements supersede the PCSJC, support the dissolution of the PCSJC, and the making of appointments to the new Shareholder Committee and additional non-executive appointments and a Treasurer observer.**

1. WHY THIS REPORT IS NEEDED

- 1.1 As set out in the report attached at Annex 1.

2. REASONS FOR RECOMMENDATIONS

- 2.1 As set out in the report attached at Annex 1.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 As set out in the report attached at Annex 1.

4. POST DECISION IMPLEMENTATION

- 4.1 The Director of Finance (Section 151 Officer) will make arrangements to implement the decisions detailed above.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 As set out in the report attached at Annex 1.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 As set out in the report attached at Annex 1.

5.3 Legal and Constitutional References

- 5.3.1 As set out in the report attached at Annex 1.

5.3.2 Full Council agreed entering into the Collective Investment Vehicle for London Pension Funds and is therefore required to agree to the revocation of the Pensions CIV Joint Committee and the governance arrangements that will supersede it.

5.4 Risk Management

5.4.1 As set out in the report attached at Annex 1.

5.5 Equalities and Diversity

5.5.1 As set out in the report attached at Annex 1.

5.6 Consultation and Engagement


5.6.1 As set out in the report attached at Annex 1.

6. BACKGROUND PAPERS

6.1 As set out in the report attached at Annex 1.

6.2 Council, 8 April 2014, Report of the Head of Governance, Collective Investment Vehicle for London Pension Funds:
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MID=7517#AI6942>

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	<h2>Pension Fund Committee</h2> <h3>16 October 2018</h3>
<p style="text-align: right;">Title</p>	<p>London CIV Governance Changes</p>
<p style="text-align: right;">Report of</p>	<p>Director of Finance</p>
<p style="text-align: right;">Wards</p>	<p>n/a</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix 1 – London CIV CEO’s letter Appendix 2 – Notice of Dissolution</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>George Bruce, Head of Treasury, CSG george.bruce@barnet.gov.uk - 0208 359 7126</p>

Summary

LB Barnet Pension Fund is required by Government over an extended timescale to transfer its investments to oversight by the London CIV. London Authorities are being asked to approve new governance arrangements for the LCIV as detailed in this paper.

Recommendations

The Pension Fund Committee recommends that Council agrees to:

- a) Revoke the Council’s delegation of the joint discharge of the relevant functions to the Pensions CIV Joint Committee (“PCSJC”).
- b) Endorse the new governance arrangements referred to in the paper and in the letter signed by the Chief Executive of London CIV and the Chief Executive of London Councils dated 13 June 2018 (appendix 1) “New Arrangements”).
- c) Confirm and accept that the new governance arrangements supersede the PCSJC, support the dissolution of the PCSJC, and the making of appointments to the new Shareholder Committee and additional non-executive appointments and a Treasurer observer.

1. WHY THIS REPORT IS NEEDED.

Background

- 1.1 London Borough of Barnet together with all the other London Authorities is a shareholder in the London CIV, the entity set up collectively to select investment managers on behalf of the London Authorities.
- 1.2 When the LCIV was established the main forum for shareholder engagement was the Pensions CIV Joint Committee (“PCSJC”) to which one representative from each borough attended. Their role included the appointment of the Board of the LCIV, approving the budgets and charges to London Authorities, approving the annual accounts and other statutory functions. The PCSJC meet quarterly.
- 1.3 The current LCIV governance structure was noted by the Pension Fund Committee on 18th March 2014. It was then agreed by Council on 8th April 2014, when the following resolution was passed:

RESOLVED - That the Council

1. *Agree to become a shareholder in a private company limited by shares which will be incorporated to be the Authorised Contractual Scheme Operator (the ACS Operator”) of the Common Investment Vehicle;*
 2. *Contribute £1 to the ACS Operator as initial capital;*
 3. *Agree to join the London Boroughs “Pensions CIV Joint Committee”, to be formed under section 102 of the Local Government Act 1972 and to delegate to such Joint Committee those functions necessary for the proper functioning of the ACS Operator, including the effective oversight of the ACS Operator and the appointment of Directors.*
- 1.4 Since establishment, it has become evident that the PCSJC attended by over 30 representatives was excessively large for engagement between the LCIV and London Authorities. Therefore, following consultation with London authorities, the LCIV proposed that it be replaced by two entities:
 - a) Two Shareholder General Meetings (one the AGM) each year that comprises one representative of each borough whose role is to take those decisions previously delegated to the PCSJC.
 - b) A shareholders committee of 12 comprising of both Councillors and Officers (S151 officers) who engage with the LCIV on behalf of all London Authorities. This Committee has no formal powers. The Chairman of the Barnet Pension Fund Committee is on the Shareholders Committee.

- 1.5 Each London Authority was asked to approve the Governance changes. These have been the subject of consultation and were agreed by the PCSJC on 14 March 2018, the Leaders Committee on 20 March 2018 and the London CIV AGM on 12 July 2018. The changes were also agreed by the Society of London Treasurers. The new governance arrangements do not alter the rights of London CIV shareholders under the existing Shareholders Agreement.
- 1.6 In addition to the above changes, two London Authority representatives have been appointed as non-executive directors of the London CIV Board.
- 1.7 If the Pension Fund Committee is content with the revised governance structure, a resolution will be made to Council to revoke their previous resolution and endorse the new governance structure.

2. REASONS FOR RECOMMENDATIONS

- 2.1 To endorse the governance structure in line with the outcomes of consultation with all London Authorities.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The option of retaining the current governance arrangements has been rejected by all London Authorities.

4. POST DECISION IMPLEMENTATION

- 4.1 The decision requires ratification by Council.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 To ensure that the Pension Fund is being invested prudently and to the best advantage to achieve the required funding level. Effective monitoring of the Pension Fund will ensure that long term investment targeted returns are achieved and will provide support towards the Council's corporate priorities (2015-2020).

5.2 Resources (Finance and Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 There are no direct resources issues for the council. Improved Pension Fund performance or reduced costs will in the lower term impact favourably on contributions paid by employers (including the Council) to the Pension Fund.
- 5.2.2 Pooling is intended to save costs and fees will be considered as part of the evaluation of the LCIV offerings.

5.3 Social Value

- 5.3.1 The Public Services (Social Value) Act came into force on 31 January 2013. It requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits.
- 5.3.2 Before they start the procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.
- 5.3.3 The Act is a tool to help commissioners get more value for money out of procurement. It also encourages commissioners to talk to their local provider market or community to design better services, often finding new and innovative solutions to difficult problems.
- 5.3.4 There are no specific social value issues arising out of this report, however membership of the Pension Fund ensures the long term financial health of contributing employees on retirement.

5.4 Legal and Constitutional References

- 5.4.1 The Council's Constitution – Article 7, details the responsibilities of the Committee, including to the appointment of Pension Fund investment managers.
- 5.4.2 Regulation 9 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 permits the appointment of investment managers after taking into consideration proper advice. Regulation 8 provides powers of direction for the Secretary of State. The Local Government Pension Scheme: Investment Reform Criteria and Guidance issued by the Dept. for Communities and Local Government (November 2015) requires LGPS funds to pool their investment for manager selection and monitoring purposes.

5.5 Risk Management

- 5.5.1 Risk management is central to the Local Government Pension Scheme (LGPS). LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met.
- 5.5.2 One of the stated purposes of the LCIV is to improve governance relating to fund manager appointments and monitoring thereby reducing the risk of poor investment performance to the Pension Fund and employers.

5.6 Equalities and Diversity

- 5.6.1 Pursuant to the Equalities Act 2010, the Council is under an obligation to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment,

pregnancy, and maternity, race, religion or belief, sex and sexual orientation, marriage and civil partnership.

5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010. Good governance arrangements and monitoring of the Pension Fund's managers will benefit everyone who contributes to the fund.

5.7 **Consultation and Engagement**

5.7.1 N/A.

5.8 **Insight**

5.8.1 Not applicable

6. **BACKGROUND PAPERS**

6.1 Criteria and Guidance for Pooling

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479925/criteria_and_guidance_for_investment_reform.pdf

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By email only

13 June 2018

Dear Chief Executive

New governance arrangements for London LGPS CIV Limited (London CIV)

Now we are at the stage of implementing the new London CIV governance arrangements we are writing to update you about next steps and to seek your ongoing support for the next phase of implementation. This follows Lord Kerslake's letter to Leaders of 17 April 2018.

Background

These arrangements were the subject of consultation earlier in the year and received support from both the Pensions CIV Sectoral Joint Committee ("PCSJC") and the London Councils Leaders' Committee in March 2018. The next milestone is the London CIV AGM on 12 July 2018 which is the same day as the PCSJC AGM.

The key components of the new governance framework are summarised below, together with next steps. A more comprehensive note about the framework is enclosed as Appendix A, together with detailed Terms of Reference for the Shareholder Committee and General Meeting and for key roles.

We would be grateful for your ongoing support in achieving the key next steps, which are already well in hand with input from other interested parties:

- confirmation of the new governance arrangements at the AGM on 12 July 2018 followed by the transition to new arrangements beginning with the September Board and Shareholder Committee meetings;
- ratification of the appointment of new Non-Executive Directors and members of the Shareholder Committee at the 12 July 2018 AGM, following nomination via the London Councils collective political processes;
- any feedback on the Terms of Reference which will be confirmed at the London CIV AGM;
- signing of the written notice revoking the delegation to the joint sectoral committee (the PCSJC).

Governance Framework, Key Components

The key changes to the London LGPS CIV Limited governance framework are summarised in this section.

The composition and experience on the London CIV board will be enhanced by the appointment of two more Non-Executive Directors, representative of the shareholders (expected to be Leaders of London Local Authorities). The first nominations will be made via the London Councils collective political processes for ratification at the London CIV AGM on 12 July 2018, subject to formal appointment by the Board in accordance with the articles and FCA approval. The appointment is expected to be for a three year term. A Treasurer will be nominated as an Observer, but not a member of the London CIV Board.

The Shareholders will meet at two General Meetings of London CIV each year, one to approve the budget, and an AGM.

There will be a Shareholder Committee of the London CIV ("the Committee"), which will act on behalf of the Shareholders as a consultative body, including on the Company's business plans and financial performance, and topics such as Responsible Investment. There will be 12 Committee Members made up of 8 Local Authority Pension Committee Chairs (or Leaders of London Local Authorities) and 4 Local Authority Treasurers. The Chair of the Board of London CIV will also be a member of the Committee. The first nominations of elected members (Local Authority Pension Committee Chairs or Leaders) will be made via the London Councils collective political processes and the Society of London Treasurers in the case of Treasurers, for ratification at the London CIV AGM on 12 July 2018. A Trade Union Representative will be nominated as an Observer in consultation with London Councils and the Joint Secretaries (Greater London Provincial Council) .

These arrangements will replace the PCSJC which will be dissolved. Written notice is required to be given by participating London Local Authorities to London Councils revoking the delegation of the discharge of the relevant functions to the sectoral joint committee. The notice is enclosed for signature in accordance with the authorisation procedures required by each individual London Local Authority.

To complement these new Shareholder governance arrangements there will be an improved framework for client services, informed by Shareholder consultation, including a Service Level Agreement and programme of events for clients collectively.

Timeline for implementing the change

In summary the key steps in implementing the change are set out below.

June

- Two additional Non-Executive Directors nominated for appointment by the Board subject to FCA approval, formal nomination to be made by the London Councils collective political processes. One Treasurer Observer nominated via the Society of London Treasurers. Appointments expected to take effect in August 2018 (subject to FCA approvals).
- 12 members of the Shareholder Committee nominated for appointment via the London Councils collective political processes and the Society of London Treasurers in the case of Treasurers. The Chair of London CIV will also be a Committee member. Appointments are expected to take effect from 1 August 2018. One Trade Union Observer to be nominated as an Observer in consultation with London Councils and the Joint Secretaries (Greater London Provincial Council).

July

- PCSJC and London CIV AGMs held on 12 July 2018 ratifying nominations and other AGM business
- Shareholder Committee Terms of Reference agreed at the London CIV AGM, subject to on-going review
- General Meeting Framework endorsed at the London CIV AGM

Mid July/August

- Induction of new Board members and Shareholder Committee members from July onwards

September

- New Board members attend first Board meeting in early September
- First meeting of new Shareholder Committee 19th September, subject to PCSJC dissolution

Questions

If you have any questions in respect of the proposals please email them to Kristina Ingate, Chief of Staff, London CIV Kristina.ingate@londonciv.org.uk preferably before the 12 July 2018 AGM with a copy to Christiane Jenkins Director of Corporate Governance London Council christiane.jenkins@londoncouncils.gov.uk

Yours sincerely



Mark Hyde-Harrison
Chief Executive London CIV



John O'Brien
Chief Executive London Councils

This letter has been copied to Treasurers, Pension Chairs and Pension Managers of the London Local Authorities and equivalent at the City of London.

Appendix A

London LGPS CIV Limited (“London CIV”) Governance Framework Overview

General

London CIV is a company limited by shares, whose shareholders are the London Local Authorities. In addition to the Memorandum and Articles of Association there is a Shareholder Agreement which reserves certain matters to the Shareholders in General Meeting.

New governance arrangements have been agreed in principle, which are intended to be implemented from 12 July 2018, which replace the existing Pensions CIV Sectoral Joint Committee of the London Councils with a new framework for Shareholder engagement. The Shareholder rights under the existing Agreement are not changed.

The new arrangements include:

1. The appointment of two more Non-Executive Directors (NEDs), who are expected to be Leaders, to the London CIV Board to enhance its composition so that it is more representative of London CIV shareholders and stakeholders, has more experience of the environment in which London CIV operates, and enhances stakeholder and shareholder engagement. A Treasurer will also be nominated as an Observer.
2. The creation of a Shareholder Committee of 12 Members from the London Local Authorities plus the Chair of the London CIV Board, 8 being Pension Committee Chairs (or equivalent) and 4 Treasurers (or equivalent). A Trade Union Representative will also be nominated as an Observer in consultation with London Councils and the Joint Secretaries (Greater London Provincial Council).
3. Two General Meetings of Shareholders, one to agree the budget and the other being the Annual General Meeting which considers the annual report and financial statements, regulatory capital statement, and appointments. Both meetings therefore provide an opportunity to review and comment on the corporate and financial performance of the company.

Appointments Process Generally

The process for nominating individuals for appointment is via the collective political processes of the London Councils or the Society of London Treasurers in the case of Treasurers, and in line with the process for other external bodies. Nominations for the Trade Union Observer to the Shareholder Committee will be made in consultation with the London Councils and the Joint Secretaries (Greater London Provincial Council). The London CIV Chief of Staff is the contact point within London CIV, supporting the Chair and CEO of London CIV. The route for making requests for nominations from the Shareholders is via the CEO of the London Councils or Secretary of the Society of London Treasurers as appropriate.

London CIV Board

Non-Executive Directors

The London CIV is responsible for the strategic direction of the company, key business and financial decisions, oversight of its performance, and governance. It is comprised of a mix of Executive and Non-Executive Directors. The current Chair is Lord Kerslake.

All NEDs have the same responsibilities under the Companies Acts and other relevant legislation, with collective responsibility as a board and to promote the success of the company for members (Shareholders) as a whole. London CIV is regulated by the Financial Conduct Authority (FCA) and the role of director is a “controlled function” so appointments are subject of FCA approval. The formal appointment of the nominee, subject to FCA approval, is by the Board in line with the company's Articles of Association. All director appointments are subject to (re)-ratification at the AGM.

To enhance the expertise available on the Board, and shareholder/stakeholder engagement, the two additional NEDs are expected to be Leaders of London Local Authorities who are Shareholders and nominated via the Leaders Committee of the London Councils.

There is a service agreement for the NED role which includes the role description and summary of director duties. It also includes the fee payable (currently £15,000 per annum), time commitment, induction and ongoing development expectations and obligations. These obligations take account of FCA requirements.

Treasurer Observer

The Treasurer Observer is expected to be nominated by the Society of London Treasurers. They will attend meetings of the London CIV Board in an observer capacity as part of stakeholder engagement arrangements, but without any decision-making or advisory role.¹

Shareholder Committee

The Terms of Reference for the Committee are set out in full in Appendix B. These will be ratified at the London CIV AGM to be held on 12 July 2018 and have been updated from those circulated at the March 2018 meeting to take account of discussions at that meeting, practice to date, and improve clarity e.g. about appointment arrangements.

The Committee acts as a representative body of the shareholders, and its members are appointed by the shareholders. It is a Committee of the London CIV. Its key aims are to be consulted on and provide the views of the Committee members, acting always collectively on behalf of the Shareholders, to the Company's Board in respect of matters such as:

1. The strategy, business plan, corporate and financial performance of the Company;
2. Emerging issues and opportunities facing Shareholders which may impact the Company;
3. Topics such as Responsible Investment, and Reporting and Transparency;
4. Matters reserved for the approval of the shareholders, as and when appropriate in accordance with the terms of the Shareholders Agreement.

The Terms of Reference set out the objectives of the new Committee, as well as detail on the membership and reporting to the Board and Shareholders collectively. The Committee membership ("Members") is 8 Pension Committee Chairs/Leaders (or equivalent), 4 Treasurers, and the Chair of the London CIV Board. There will be a Trade Union Observer.

In future years the Terms of Reference will be reviewed every two years, and agreed between, Committee Members and the Board. This year the AGM will be requested to endorse the Terms of Reference, subject to any final review by the new Committee and London CIV Board with the Terms of Reference of the Committee being formally adopted at its first meeting.

General Meeting Framework

The General Meeting Framework has been updated from the document circulated in March 2018 to: reflect discussion at that meeting and subsequently; clarify the matters to be discussed at the two General Meetings; and include information about appointment arrangements.

Dissolving the PCSJC, The Articles and Shareholders Agreement

The new arrangements do not alter any of the existing Shareholder rights under the Shareholders' Agreement.

The PCSJC was established under the London Council's Governing Agreement. The new arrangements replace the PCSJC and written notice is required to be given by all participating London Local Authorities to London Councils revoking the delegation of the discharge of the relevant functions to the sectoral joint committee. The notice is enclosed and is to be signed in accordance with the authorisation procedures required by each individual London Local Authority

The Shareholders Agreement currently refers to the PCSJC, but only in that it provides that the Shareholder representative at AGMs will be the same person as the shareholder has appointed to represent it within the PCSJC. It also provides that the chairman of the PCSJC will chair the General Meetings of the London CIV unless another person is appointed by the Shareholders.

A Deed of Amendment will be drafted to update the Shareholders Agreement to remove references to the PCSJC and include a reference to the new Shareholder Committee.

¹ It will be important to take account of formal guidance on Stakeholder Engagement and on Shadow Directorships to ensure an appropriate balance between company law requirements in respect of shadow directors and good practice on stakeholder engagement

Dated: 2018

(1) London LGPS CIV Limited (Company Number: 09136445)

WRITTEN NOTICE in respect of delegation by the [London Borough/Royal Borough/City of London Corporation] in respect of the Pensions CIV Joint Committee ("PCSJC") constituted under the London Councils Governance Arrangements for the purposes of collective engagement by shareholders in the London LGPS CIV Limited

WRITTEN NOTICE in respect of delegation by the [London Borough/Royal Borough/City of London Corporation] in respect of the Pensions CIV Sectoral Joint Committee (“PCSJC”) constituted under the London Councils Governance Arrangements

WHEREAS:

- A. The Pensions CIV Joint Committee (“PCSJC”) is a sectoral joint committee operating under the London Councils governance arrangements (further to an agreement entered into by all the London local authorities dated 13 December 2001 (as amended)), the terms of reference of which sectoral joint committee are set out in Schedule A.
- B. Each London local authority which is a shareholder in the London LGPS CIV Limited (Company Number: 09136445) (“London CIV”) agreed to appoint a representative to the PCSJC.
- C. New governance arrangements for collective shareholder engagement in and with the London CIV have been agreed in principle by the London CIV shareholders following consultation and approval by the PCSJC on 14 March 2018, and the Leaders Committee on 20 March 2018 and the London CIV AGM on 12 July 2018.
- D. Those new governance arrangements do not alter the rights of London CIV shareholders under the existing Shareholders Agreement.
- E. Those new governance arrangements provide for an Annual General Meeting and General Meeting and Shareholder Committee which together provide forums to approve the budget and forward plan of London CIV, review its performance and consult on matters of interest to the shareholders. A copy of the proposed terms of reference for the Shareholder Committee are set out in Schedule B.
- F. To enable the new governance arrangements to properly take effect it is necessary for all the London local authorities to each, in accordance with their own constitution and governance, revoke the delegation of the joint exercise of functions to the PCSJC as referred to in Recital A. and B. above, and to each formally agree to adopt the new governance arrangements.
- G. The revocation of the delegation of the joint exercise of functions by the PCSJC, and the dissolution of that sectoral joint committee, will take effect on the date that notice of the revocation is received by London Councils from every London local authority. The dissolution of the PCSJC is sought by the 31 July 2018 to allow the Shareholder Committee appointments to take effect in August and the first meeting of the new Shareholder Committee to take place in September. As part of these arrangements, additional non-executive directors nominated via the collective political processes of London Councils will be made in accordance with the Articles of Association of the London LGPS CIV Limited, subject to approval by the FCA .

WE HEREBY GIVE NOTICE THAT:

- 1. We revoke our delegation of the joint discharge of the relevant functions to the Pensions CIV Joint Committee (“PCSJC”).
- 2. We accept and agree the new governance arrangements referred to above and in the letter signed by the Chief Executive of London LGPS CIV Limited (Company Number: 09136445) (“London CIV”) and the Chief Executive of London Councils dated 13 June 2018 accompanying this written notice (the “New Arrangements”).
- 3. We confirm and accept that the new governance arrangements supersede the PCSJC, that we support the dissolution of the PCSJC, and the making of appointments to the new Shareholder Committee and additional non-executive appointments and a Treasurer observer enabling the first meeting under the new arrangements to take place in September 2018.

EXECUTION SECTION

Notice is hereby authorised on behalf of [*INSERT FULL NAME OF AUTHORITY*]

Signed:

Name/s and

Status of signatory/ies:

Date:

Please sign and return this Written Notice to:

Alan Edwards:
alan.edwards@londoncouncils.gov.uk

Address :

London Councils
59½ Southwark Street
London SE1 0AL
Direct line: 020 7934 9540

Schedule A

Terms of Reference of the PCSJC

To act as a representative body for those London local authorities that have chosen to take a shareholding in the Authorised Contractual Scheme (ACS) Operator company established for the purposes of a London Pensions Common Investment Vehicle (CIV).

To exercise functions of the participating London local authorities involving the exercise of sections 1 and 4 of the Localism Act 2011 where that relates to the actions of the participating London local authorities as shareholders of the ACS Operator company.

To act as a forum for the participating authorities to consider and provide guidance on the direction and performance of the CIV and, in particular, to receive and consider reports and information from the ACS Operator particularly performance information and to provide comment and guidance in response (in so far as required and permitted by Companies Act 2006 requirements and FCA regulations).

In addition, members of the Pensions CIV Joint Committee will meet at least once each year at an Annual General Meeting of the ACS Operator to take decisions on behalf of the participating London local authorities in their capacity as shareholders exercising the shareholder rights in relation to the Pensions CIV Authorised Contractual Scheme operator (as provided in the Companies Act 2006 and the Articles of Association of the ACS Operator company) and to communicate these decisions to the Board of the ACS Operator company. These include:

- the appointment of directors to the ACS Operator board of directors;
- the appointment and removal of auditors of the company;
- agreeing the Articles of Association of the company and consenting to any amendments to these;
- receiving the Accounts and Annual Report of the company;
- exercising rights to require the directors of the ACS Operator company to call a general meeting of the company.

SCHEDULE B

London LGPS CIV Limited (the "Company") Shareholders Committee: Terms of Reference

1. Objective of the Shareholders Committee

1.1 The role of the Shareholders Committee (the "**Committee**"), which is a Committee of the London CIV, and acts collectively, is to :

1.1.1 the strategy, business plan, financial and corporate performance of the Company as mandated by the Board of Directors of the Company (the "**Board**"); and

1.1.2 Company policies such as Responsible Investment and Reporting and Transparency; and

1.1.3 matters reserved for approval of the Shareholders, as and when appropriate in accordance with the terms of the Shareholders Agreement; and

1.1.4 to identify, assess and discuss emerging issues and opportunities facing Shareholders which may impact the Company, and discuss solutions proposed by the Company; and

to express views on the above to the Board and Shareholders collectively as appropriate.

1.2 The Board will have the opportunity to consider any views presented to it by the Committee but will not be obliged to take any action in respect of such views unless the Board believes this to be in the best interests of the Shareholders and the Company.

2. Membership

2.1 The Committee will be comprised of 12 members from London Local Authorities made up of eight Leaders (or Pension Chairs or equivalent) and four Treasurers, plus the Chair of the Board (the "**Members**"). The members of the Committee will be agreed by the Shareholders acting collectively and nominated for appointment by the collective political processes of London Councils or in the case of the Treasurers by the Society of London Treasurers

2.2 Any Member, other than the Chair of the Board, must also be a Shareholder of the Company in good standing.

2.3 No more than one Leader (or equivalent) and one Treasurer can be from a London Local Authority without direct investments in the London LGPS CIV Authorised Contractual Scheme or other pooling structure established by the Company from time to time.

2.4 London Local Authorities which have Directors on the Board may not be Members.

2.5 The initial Members will be ratified at the Annual General Meeting of the London CIV held in July 2018

3. The Chair

3.1 The Committee Chair (the "**Chair**") will be appointed by the Members at the first Committee meeting.

3.2 The Chair can nominate a deputy, who must also be a Member (the "**Nominated Deputy**"). In the absence of the Chair or the Nominated Deputy the remaining Members present will elect one of themselves to chair the meeting.

3.3 The Chair can step-down as Chair at any time. The Members will appoint a new chair at the next Committee meeting. In the absence of any appointment, the Nominated Deputy will act as Chair.

4. **The Secretary**

4.1 An appropriate individual will be the Secretary and will be made available to the Committee by the Company.

4.2 In the event that the Secretary is not able to attend a Committee meeting the Members in attendance at that Committee meeting will appoint one of their own to act as Secretary for that meeting.

5. **Length of appointment**

5.1 Members will be put forward for re-appointment at each Annual General Meeting of the Company.

5.2 No Member can be a Member for a continuous period of nine years unless approved at the Annual General Meeting of the Company.

5.3 The term of the Chair will be four years. The Chair may be re-appointed for a second four year term.

5.4 In the event that a Member ceases to be a Leader (or equivalent), Treasurer or Chair of the Board, as applicable, their membership of the Committee will cease at that same time and a new Member will be appointed at the next Committee meeting.

5.5 A Member may, at any time, provide written notice to all other Members of his/her, as applicable, intention to resign from the Committee. The date of resignation will be determined by the Chair. In the event of such resignation a new Member will be appointed at the next Committee meeting.

5.6 In the event that a unanimous decision is taken by the Members to terminate the appointment of one or more Members, such termination will be effective immediately and a new Member or Members, as applicable, will be appointed at the next meeting of the Committee.

6. **Attendance at meetings**

6.1 Only Members are entitled to attend Committee meetings.

6.2 The Committee may, however, at the Chair's discretion, invite individuals including Board members (including the Chief Executive), representatives from the Company, or from appropriate third parties to attend any meeting or meetings ("**Non-members**"). Any such attendance is granted on a meeting by meeting basis and no automatic right to attend any subsequent meetings will be deemed given to any Non-member as a result of attendance at any one meeting. Any Non-members must agree to keep any discussions held at the meeting or meetings which they attend confidential.

6.3 The Committee may, however at the Chairs discretion invite a trade union representative to attend any meeting or meetings ("**Trade Union Observer**"). Any such attendance is granted on a meeting by meeting basis and no automatic right to attend any subsequent meetings will be deemed given to any Trade Union Observer as a result of attendance at any one meeting. Any Trade Union Observer must agree to keep any discussions held at the meeting or meetings which they attend confidential.

7. **Quorum for Committee meetings**

The quorum for Committee meetings is seven Members.

8. **Frequency of meetings**

- 8.1 The Committee will meet quarterly at dates agreed by the Members.
- 8.2 Meetings will usually be held at the offices of the Company.
- 8.3 Ad hoc meetings will be convened by the Secretary at the request of any Member. However, the timing of any such meeting will be at the discretion of the Chair.

9. **Documents**

- 10. The agenda for each meeting will be set by the Chief Executive of the Company and provided, together with any associated papers, by the Secretary to the Members, and to any invited Trade Union Observer and invited Non-Members by email, at least three business days prior to the relevant meeting.

11. **Minutes of meetings**

- 11.1 The Secretary will take a written record of the discussions held at each meeting, and record the names of those present and in attendance. The record will include an up-to-date log of the views and recommendations of the Committee and any actions to be taken (the "**Minutes**").
- 11.2 The Secretary will ascertain, at the beginning of each meeting, the existence of any conflicts of interest and record them accordingly in the Minutes.
- 11.3 Minutes of Committee meetings will be circulated by the Secretary, by email, promptly following the relevant meeting to all Members and will be available for review by the Board. If any Member would like any amendment made to the Minutes these must be raised by the Member within one week of receipt and notified to the Secretary.
- 11.4 The Members agree that unless, the Chair agrees that the Minutes (or a section of the Minutes) should be made available more widely than the Committee the discussions and Minutes at, or resulting from, all Meetings will be kept confidential by the Members. [The Minutes will also be sent to any invited Trade Union Observer and invited Non-Member who shall be under the same duty of confidentiality as if they were a Member .]

12. **Reporting procedures and Review of the Committee**

- 12.1 The Secretary will use the Minutes from the relevant meeting to prepare a note setting out an overview of the discussions held at that meeting. This note will be reviewed and commented on, as applicable, by the Chair and then sent by the Secretary, by email, to the usual contact for each Shareholder within one month of the relevant meeting. The Chair of the London CIV Board will ensure that this note is used as the basis of a report to the London CIV Board. The Minutes will not be sent to the Shareholders unless this is expressly agreed by the Chair.
- 12.2 The Committee will be subject to the continuous review of the Shareholders. In the event that proposals are put forward, or concerns are raised, by one or more of the Shareholders in relation to the Committee, or any one or more of its Members, the Chair will consider these and take any further action as appropriate.

13. **Review of these Terms of Reference**

These Terms of Reference will be reviewed every two years by the Members and any changes proposed to the Board. Following a reasonable period for review, the Board will provide any comments, and once these have been agreed between the Board and the Committee, a revised Terms of Reference will be made available.

14. **Dissolution of the Committee**

The Board may, at any time, propose to the Members, in writing, that the Committee is dissolved. In such cases the Board and Committee will work together to form a new committee or structure to undertake the objective which has been set for the Committee, or similar objective deemed appropriate in the circumstances.

	<p>COUNCIL</p> <p>30 October 2018</p>
<p>Title</p>	<p>Report of Head of Governance</p>
<p>Report of</p>	<p>Head of Governance</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public</p>
<p>Enclosures</p>	<p>Appendix A – Changes to Calendar of Meetings Appendix B – Appointments to Outside Bodies</p>
<p>Officer Contact Details</p>	<p>Andrew Charlwood, Head of Governance, 020 8359 2014, andrew.charlwood@barnet.gov.uk</p>

Summary
<p>This item presents various constitutional and administrative matters for Council’s agreement. Full details are as set out in the appended reports.</p>

Recommendations
<ol style="list-style-type: none"> 1. That Council notes the changes to the calendar of meetings as set out in Appendix A. 2. That Council make appointments to the outside bodies as listed in Appendix B.

1. WHY THIS REPORT IS NEEDED

1.1 The Head of Governance report seeks Council’s approval for various matters of business relating to the Council’s statutory and constitutional functions.

2. REASONS FOR RECOMMENDATIONS

2.1 As set out in the attached appendices

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 N/A.

4. POST DECISION IMPLEMENTATION

4.1 Council decisions will be minuted and implemented through the Head of Governance.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 As set out in attached appendices.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 Any specific implications are set out in the attached appendices.

5.3 Legal and Constitutional References

5.3.1 Council Constitution, Full Council Procedure Rules – requires that Council “Agree the Council Calendar of meetings including for ordinary meetings of the Council”. As these are in year changes they are for noting only.

5.3.2 Council Constitution, Article 4 – The Full Council – states that the Council is responsible for “Agreeing and amending the terms of reference of committees, deciding their composition and making appointments to them.”

5.4 Risk Management

5.4.1 None specifically arising from this report.

5.5 Equalities and Diversity

5.5.1 None specifically arising from this report.

5.6 Consultation and Engagement

5.6.1 None specifically arising from this report.

6. BACKGROUND PAPERS

6.1 None.

APPENDIX A

Changes to Calendar of Meetings – 2018/19 Municipal Year

Committee	Originally Scheduled Date of Meeting	New Meeting Date
Financial Performance & Contracts Committee	28 November 2018	17 December 2018
Audit Committee	18 April 2019	1 May 2019

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APPOINTMENT TO COMMITTEES AND OTHER BODIES

1. Appointment to an Outside Body

A vacancy has arisen for two appointments from Barnet Council to the Finchley Charities.

The Group Secretaries have been invited to make nominations and the following nominations have been received.

Outside Body	Conservative Nomination	Labour Nomination
The Finchley Charities	Councillor Daniel Thomas Andrew Galatopolous	Roger Chapman

RECOMMEND that the appointments to The Finchley Charities be approved.

2. Changes to Committee Membership

The Opposition Group Secretary has requested that the following Membership change be moved at Council on 30 October 2018.

Committee	Current Member	Replacement Member
Audit Committee	Cllr Danny Rich	Cllr Arjun Mittra

RECOMMEND that the Labour Group nominations for change of membership on the Audit Committee as noted above be approved.

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Full Council: 30 October 2018

Administration motion in the name of Cllr David Longstaff

AGENDA ITEM 14.1

Right to Buy

Council notes that some cracked paving stones don't reach the criteria that warrant replacement from the Highways department, but are unsightly.

Council supports residents and businesses who wish to pay for our term contractor to replace cracked paving stones on a like-for-like basis.

Council requests that the Environment Committee develop proposals to make this service available to all residents and businesses.

Under Full Council Procedure Rule 17.17: if my item is not dealt with by the end of the meeting I ask that it be voted upon at the Council meeting.

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Full Council: 30 October 2018

Administration motion in the name of Cllr Dean Cohen

AGENDA ITEM 14.2

The Barnet View

Council recognises the distinct social, environmental, health, housing and transport needs of outer London boroughs such as Barnet and their differences to those of inner London boroughs. These relate to, among other things, less developed public transport infrastructure, an older and more sparsely settled population, and links with areas beyond the borders of Greater London.

Council therefore supports the adoption of a Barnet-focused view in responding to the current consultations, particularly in support of Local Implementation Plan (LIP) funding applications, which should reflect the priorities of this borough and its residents and not those of inner London.

Council calls on the Environment Committee to ensure that we maximise LIP receipts and allocate them in line with the Barnet view.

Under Full Council Procedure Rule 17.17: if my item is not dealt with by the end of the meeting I ask that it be voted upon at the Council meeting.

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Full Council, 30 October 2018
Motion: Cllr Anne Clarke
School cuts

AGENDA ITEM 14.3

Council notes that as a result of ongoing Government cuts and a new funding formula the majority of Barnet schools will have lost funding between 2015-2020 resulting in many seeing increases in classroom sizes, cuts to teaching staff and ongoing recruitment and retention problems.

Council notes that Barnet schools must bear the brunt of unfunded National Insurance increases, and inadequate High Needs Block Funding which is being topped up by the Schools Forum. This year the Forum's whole £500k carry forward will be used for this top-up, leaving nothing to plug any gap next year.

Many Barnet schools have depleted reserves to the point where some are in deficit and have had to ask the Council to assist them in the short term while they balance their books.

Council believes the LB Barnet administration must act now so that our schools and their pupils' education do not suffer from further cuts.

Council resolves:

To resist the Government's ongoing cuts to school budgets and call for more funding to be invested in education.

To support the coalition of trade unions, parents, school governors, residents and councillors campaigning against school cuts.

To call on the Government to fully fund the pay increase for teachers that is recommended by the School Teacher's Review Body.

Under Full Council Procedure Rule 17.17: if my item is not dealt with by the end of the meeting I ask that it be voted upon at the Council meeting.

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Breaking Point campaign

This Council notes that many council budgets are now at Breaking Point. Austerity has caused huge damage to communities up and down the UK, with devastating effects on key public services that protect the most defenceless in society – children at risk, disabled adults and vulnerable older people – and the services we all rely on, like clean streets, libraries, and children’s centres;

- Tory cuts mean councils have lost 60p out of every £1 that the last Labour Government was spending on local government in 2010 - LB Barnet’s budget will have halved between 2010 and 2020;
- Councils had to spend an extra £800m last year to meet the demand on vital services to protect children;
- With an ageing population and growing demand adult social care faces a gap of £3.5 billion – with only 14% of council workers now confident that vulnerable local residents are safe and cared for;
- Government cuts have seen over 500 children’s centres and 475 libraries close, potholes are left unfilled, and 80% of councils’ workers now say have no confidence in the future of local services;
- Northamptonshire has already gone bust due to Tory incompetence at both national and local level, and more councils are predicted to collapse without immediate emergency funding;
- Councils now face a further funding gap of £7.8 billion by 2025 just to keep services ‘standing still’ and meeting additional demand. Even [Lord Gary Porter](#), the Conservative Chair of the Local Government Association, has said ‘Councils can no longer be expected to run our vital local services on a shoestring’.

This Council condemns Chief Secretary to the Treasury Liz Truss for stating on BBC Newsnight on 1st October 2018 that the government is “not making cuts to local authorities”, when all independent assessments of government spending show that this is entirely false; and that this Council further notes that Prime Minister Theresa May has also claimed that “austerity is over” despite planning a further £1.3bn of cuts to council budgets over the next year;

This Council agrees with the aims of the ‘Breaking Point’ petition signed by Labour councillors across the country, in calling for the Prime Minister and Chancellor to truly end austerity in local government by:

- Using the Budget to reverse next years planned £1.3bn cut to council budgets;
- Immediately investing £2bn in children’s services and £2bn in adult social care to stop these vital emergency services from collapsing;
- Pledging to use the Spending Review to restore council funding to 2010 levels over the next four years

This Council resolves to:

- Support the 'Breaking Point' campaign, recognising the devastating impact that austerity has had on our local community;
- Ask the Leader of the Council to write to the Chancellor of the Exchequer, the Prime Minister, and the Secretary of State for Housing, Communities and Local Government setting out the funding pressures faced by LB Barnet, and calling on the Government to truly end austerity in local government.

Under Full Council Procedure Rule 17.17: if my item is not dealt with by the end of the meeting I ask that it be voted upon at the Council meeting.

Full Council, 30 October 2018
Motion from Cllr Paul Edwards
Winter homeless shelter

AGENDA ITEM 14.5

Council notes that:

- rough sleeping nationally has increased 169% since 2010.
- 7,484 rough sleepers in London were seen by outreach workers in 2017/18.
- it is extremely dangerous to sleep outdoors in the UK in winter.
- some homeless people die while sleeping on London streets.

Council thanks Homeless Action in Barnet (HAB) and the many volunteers and charitable and religious organisations working hard to help the homeless in Barnet.

Council welcomes improvements already made by our Labour Mayor of London which include:

- 87% of people helped by Mayoral services left the streets last year.
- An 8% drop in the number of London's rough sleepers last year, for the first time in a decade.
- The Mayor's new Plan of Action to tackle rough sleeping.

Council notes that the Council's draft Homelessness and Rough Sleeping Strategy seeks to procure accommodation specifically for entrenched rough sleepers and for those with low to medium support needs, but that this has only just gone out to consultation and will not be formally agreed until April 2019.

Council resolves:

- To work with the Mayor of London to set up and fund a homeless winter shelter in one building in Barnet throughout the winter as Severe Weather Emergency Provision for rough sleepers.
- That this shelter should be well-equipped to support rough sleepers, and should be opened as soon as possible and close at the end of March.
- To publicise streetlink.org.uk, which members of the public can contact to connect people sleeping rough with local services that can support them.

Under Full Council Procedure Rule 17.17: if my item is not dealt with by the end of the meeting I ask that it be voted upon at the Council meeting.

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Council notes that a recently published London School of Economics (LSE) report, 'Debating Brexit at a local level: a mixed methods comparative study,' has identified that, out of a range of geographical areas considered as subject of the study, the NHS and social care was likely to suffer the greatest impact in Barnet, given the extent of reliance on an EU-national workforce and the often challenging and low paid nature of the work involved. In addition the LSE report notes that:

'Other jobs at risk were related to Council services. For instance, the difficulty in recruiting administrative staff was pointed out by those interviewed who worked or currently work with the Council. Moreover, a UNISON representative for Barnet, who also identified staff shortage as a key concern after Brexit, stressed that the waste and recycling services could be severely affected after Brexit, because there is a large proportion of East European workers in these jobs, who are uncertain about their status. Overall, local government services are already subject to staff shortages and face difficulties in recruitment. Further legal limitations to the ability of migrant workers to come to Barnet, compounded by the perceived unwelcoming environment for migrants, could further widen the gap between labour demand and supply and impact Barnet in a negative way.'

Beyond the impact on public services, the LSE report also finds that Brexit may have a significant impact on local businesses in Barnet - given the nature and extent to which disposable income is spent on various goods and services provided by local businesses in the area.

In addition to the findings from this report, council notes the wider national picture is contributing to the pressures placed on local public services and business. In particular, the process of leaving the European Union ("Brexit") is as yet unresolved, due to botched negotiations by the Leader of the Conservative Party despite the cut off date of 30 March 2019 rapidly approaching.

There is little clarity or transparency as to what form 'Brexit' will take, which is hampering the Council's ability to address and mitigate against risks. As such, Council expresses significant concern at the lack of certainty and resolution on the issue of what the precise nature of Brexit will be - and draws attention to the extent of negative impact that uncertainty is having upon the Council's ability to prepare for and mitigate risks arising from Brexit. This compounds the pressures placed by over a decade of austerity and year on year cuts to public services; placing those in need of support from the Council at significant risk. Council notes that these developments take place against a backdrop of growing right-wing populism across the world, which has sown the seeds for the creation of "illiberal democracies", contributing to an unwelcoming atmosphere for migrants and other minority groups.

Council expresses concern that the failure of the Conservative Party to lead the debate on Brexit and arrive at a workable deal has created a political environment which gives legitimacy to those groups and individuals who would undermine British values and international civil rights for their own personal and political gain.

Council moves that:

- LB Barnet commissions and publishes a risk register that contains a detailed analysis of the impact Brexit may have under a range of different deal scenarios, so officers are prepared to safeguard public services and citizens whatever the outcome. This would mirror the risk register recently published by councils such as Pembrokeshire and aid officers in their planning for different outcomes; and

- LB Barnet fully discloses the effects of Brexit on recruitment and retention of EU staff in Barnet to date and;

- where EU staff remain employed by Barnet Council, LB Barnet ensures that staff have access to legal advice and financial support to understand and access their rights (including applying for settled and pre-settled status, obtaining permanent residency and/or citizenship).

Under Full Council Procedure Rule 17.17: if my item is not dealt with by the end of the meeting I ask that it be voted upon at the Council meeting.

Full Council, 30 October 2018

Motion: Cllr Arjun Mitra

AGENDA ITEM 14.7

Celebrating Diwali in Barnet schools

Council looks forward to Diwali in November this year, and recognises the importance of the celebration in the lives of the Hindu, Sikh and Jain communities. The Council notes that the teaching of Diwali has happened in Barnet schools for many decades, and is a welcome contribution to community relations, promoting a better understanding of the customs of our friends and neighbours.

Council believes that though we are all different, we are one community, and that our diversity and multiculturalism is a strength. It helps to promote an open and accepting culture, which in turn helps make Barnet a place for trade and business, as well as expanding our cultural horizons. Council resolves to write to all schools in the borough, encouraging them to celebrate Diwali with their pupils.

Under Full Council Procedure Rule 17.17: if my item is not dealt with by the end of the meeting I ask that it be voted upon at the Council meeting.

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