

THE CABINET

Tuesday, 15 February 2011

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CABINET**15 February 2011****REPORT OF THE CABINET MEMBER FOR FINANCE, REVENUES AND BENEFITS**

Title: 2010/11 Budget Monitoring - April to December 2010	For Decision
<p>Summary:</p> <p>This report provides Cabinet with an update of the Council's revenue and capital position for the nine months to the end of December 2010.</p> <p>The Council began the current financial year in a better financial position than the previous year with a General Fund (GF) balance of £8m. The robust budget setting process has resulted in a more meaningful and deliverable 2010/11 budget.</p> <p>During the year, Central Government set an in year savings target of £6.2bn of which the local government sector was required to contribute £1.165bn; this resulted in a further reduction in the Council's funding of up to £5.5m for 2010/11. The Corporate Director of Finance and Resources has ensured that the measures put in place during 2009/10 to contain spending are continued in through the current year. To meet this challenge, Cabinet approved additional in-year savings of up to £8.4m on 28 September to meet the Government savings target and protect the previous year's improvement in the Council's reserves.</p> <p>At the end of December the full year service overspends (taking account of the in-year savings) are projected to be £2.2m; £0.5m less than the £2.7m position forecast at the end of November 2010 (as reported to Cabinet on 25 January 2011). The main reason for this is a decrease in projected overspends in the Customer Services and Children's Services departments reflecting the ongoing work to mitigate cost pressures.</p> <p>The 2010/11 budget includes a planned contribution of £3m to further improve GF balances. The current projected service pressures of £2.2m will result in GF balances increasing by only £0.8m to £8.8m rather than the target of £10m.</p> <p>The Housing Revenue Account (HRA) is projected to incur an underspend of £1m indicating that the year end balance would be £4.4m. The HRA is a ring fenced account and cannot make contributions to the General Fund.</p> <p>The Capital Programme is currently projecting slippage in budgeted expenditure of £5.3m. This represents the position on all the schemes in the capital programme approved by members, regardless of whether work has commenced yet or not. Capital budgets cannot contribute to the General Fund revenue position although officers are working to ensure that all appropriate capitalisations occur.</p> <p>Wards Affected: None</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to:</p> <p>(i) Note the current projected outturn position for 2010/11 of the Council's revenue and</p>	

capital budget as detailed in paragraphs 3 and 5 of the report, and Appendices A and C;

- (ii) Note the position for the HRA as detailed in paragraph 4 of the report and Appendix B;
- (iii) Note the position of the Contingency fund as detailed in paragraph 3.1.5 of the report.
- (iv) Approve the changes to capital budgets as detailed in paragraph 6 of the report and Appendix D;
- (v) Note the Financial Health Indicators for quarter three as detailed in paragraph 7 of the report and Appendix E.

Reason(s)

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

Comments of the Chief Financial Officer

This report indicates the assessment that the council continues to face significant pressures in remaining within its 2010/11 budget as reduced by the imposition of the £5.5m in-year reduction in resources arising from the Governments emergency budget. The Corporate Director of Finance and Resources has already implemented actions to control spend and departments resources have been reduced to contribute towards the restricted Council resources.

Comments of the Legal Partner

Previous reports have advised Members of the obligation upon a billing authority to set a balanced budget each year by virtue of section 32 Local Government Finance Act 1992 taking account of required expenditure, contingencies and reserves among other things. Section 43 makes corresponding provision for major precepting authorities. Those sections require the relevant authorities to set an 'appropriate' level of reserves for the year in question. The reserves may be drawn upon during the year even if as a result they fall below the minimum. Members will note the reported position and comments made in relation to reserves and the budget position for this year going forward.

Similarly Members are reminded of the Council's ongoing duty under section 28 Local Government Act 2003 to keep its financial position under review and if it appears that there has been a deterioration in its position it must take such action as it considers necessary to deal with the situation. Members will note the progress highlighted in this report and wish to satisfy themselves that sufficiently robust actions are being taken to manage service delivery within a shrinking budget base.

Members will wish to be satisfied that appropriate actions are being taken to deal with any projected overspends and deliver services in the tougher economic climate the council finds itself in.

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1. Background

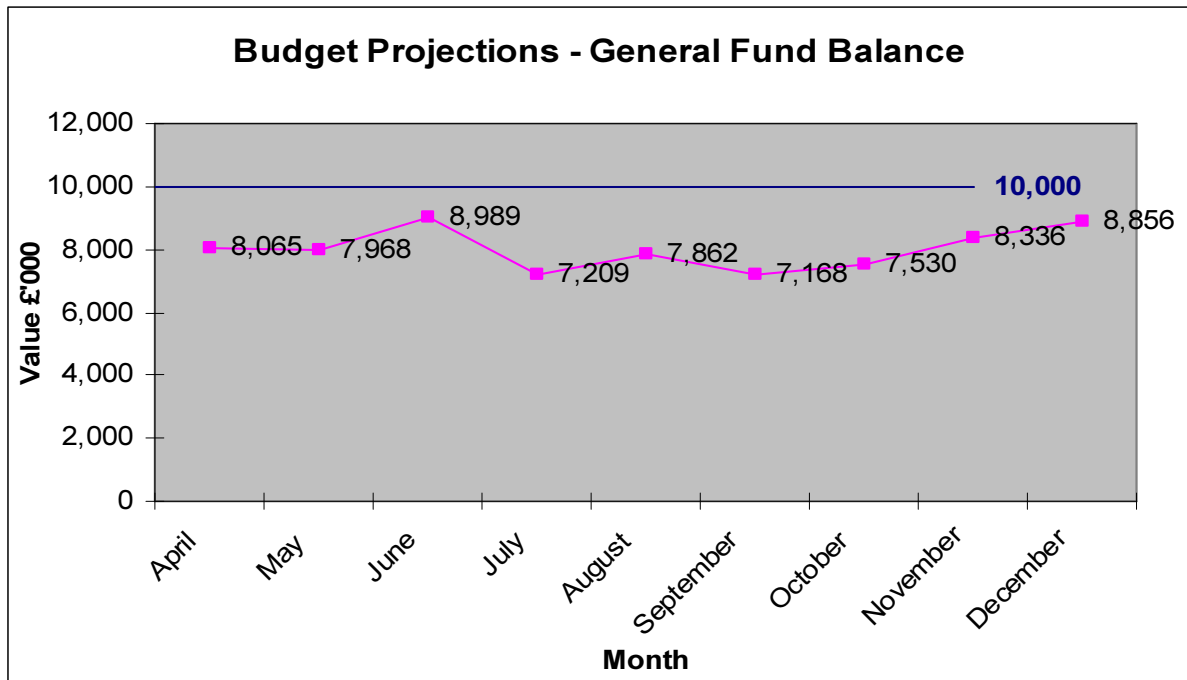
- 1.1 The Outturn report to Cabinet on 8 June 2010 reported that, as at 31 March 2010, general fund balances stood at £8m, an increase of £4.4m on the position twelve months earlier. This position has now been confirmed following completion of the audit of the Council's Statement of Accounts.
- 1.2 This report provides a summary of the Council's General Fund (GF) revenue and Capital positions, HRA and consequent balances based on recurring pressures from last year, risks to anticipated 2010/11 savings, any new pressures and the effect of the reduced in-year resources.
- 1.3 It is important that the Council regularly monitors its revenue and capital budgets to ensure good financial management. This is achieved within the Council by monitoring the financial results on a monthly basis through briefings to the Cabinet Member for Finance, Revenues and Benefits and reports to Cabinet. This ensures Members are regularly updated on the Council's overall financial position and enables the Cabinet to make relevant financial and operational decisions to meet its budgets.
- 1.4 The report is based upon the core information contained in the Oracle general ledger system supplemented by examination of budgets between the budget holders and the relevant Finance teams. In addition, for capital monitoring there is the work carried out by the Capital Programme Management Office (CPMO).

2 Current Overall Position

- 2.1 The current revenue projections indicate an overspend of £2.2m for the end of the financial year indicating that the Council's General Fund balance will increase by the only £0.8m to £8.8m rather than the planned £10m. The Chief Finance Officer has a responsibility under statute to ensure that the Council maintains appropriate balances. Actions have already been put in place to reduce the Council's cash out-goings.
- 2.2 In the report to Members regarding the setting of the 2010/11 annual budget and Council Tax, the Corporate Director of Finance and Resources, after consideration of the factors outlined in the CIPFA guidance on Local Authority Reserves and Balances 2003, set a target GF reserves level of £10m. The current projected balance for the end of the financial year is below this level. Whilst the external auditor has not offered an opinion on a minimum acceptable level of general balances the Local Government Act 2003 requires the Authority to set an appropriate level of reserves.

When setting the HRA budget for 2010/11 the surplus anticipated for 2009/10 was £3.392m leading to estimated balances as at 31 March 2011 of £4.369m. The final 2009/10 outturn surplus was £2.423m giving the current opening balance of £3.4m.

	Balance at 1 April 2010	Projected Balance at 31 March 2011	Target Balance at 31 March 2011
	£000	£000	£000
General Fund	8,065	8,856	10,000
Housing Revenue Account (including Rent Reserve)	3,400	4,401	4,369



2.3 The current projected variance at the end of the year across the Council for the General Fund is shown in the table below.

	December Projected Variance £'000	November Projected Variance £'000	October Projected Variance £'000
<u>Service Expenditure</u>			
Adult and Community Services	0	0	0
Children's Services	1769	2149	2557
Customer Services	440	529	816
Finance & Resources	0	51	162
General Finance	0	0	0
Total Service In-Year Pressures	2209	2729	3,535
<u>Corporate Issues</u>			
Budgeted contribution to balances	3,000	3,000	3,000
Total In-Year Pressures	(791)	(271)	535

2.4 Additional to the risks identified in the tables above are other pressures where the financial consequence is not yet known and where Directors and Head of Services are attempting to manage the issues. If, however, these pressures come to fruition either wholly or in part, then the financial position will worsen.

3 General Revenue Services

3.1 The departmental positions are shown in Appendix A. The key areas of potential overspend and risks are outlined in the paragraphs below.

3.1.1 Adult and Community Services

The department is projecting a broadly break-even position for the year end. It remains alert to the challenges ahead to remain within budget particularly from the pressures evident at the interface with local hospitals and the PCT with impact on adult care and commissioning service budget. Pressures from the increasing number of children with care packages/ arrangements turning 18 years of age transferring over from Children's Services also remains a concern.

There are no significant budget pressures in the other service budgets at present although it seem inevitable the current recession would impact the income generation areas in Leisure and Arts.

The Department and its management team have a track record of dealing with issues and pressures throughout the year to deliver a balanced budget.

3.1.2 Children's Services

At the end of period 9, the department is projecting an overspend of £1.77m, a decrease of £380k from the figure reported last month. This reduction is in spite of a further increase of £184k on the overspend in Safeguarding and Rights. The decrease is the result of additional one-off income identified through the alternative use of grants and increased underspends in Quality Schools Improvements and Children's Policy and Trust Commissioning.

Skill, Learning and Enterprise services and Integrated Family Services continue to forecast underspends resulting from tighter cost control, the impact of the voluntary severance scheme and securing additional income. The overspends previously reported in Legal Services and Passenger Transport remain a challenge.

The pressures previously reported in government cuts in specific grant funding, unresolved claims from the implementation of Single Status and the rapid population growth reported previously continue to exercise management attention.

Management continue to review commitments that can be stopped in year and not renewed and identify compensating savings to offset the overspends. A spending freeze has been introduced with immediate effect with the intention to claw back budgets on supply and services near to period 10, based on budgets remaining to the year end.

Dedicated School Grant (DSG)

The main pressure on the DSG remains that for the additional places required and related increase in children with SEN from September 2010. These pressures are estimated at around £900k. This will be managed in conjunction with the Schools Forum. Start up costs on equipment purchases for new schools also present additional pressures to this fund.

3.1.3 Customer Services

The Department is forecasting an overall overspend of £440k a decrease of £89k from £529k reported last period. This position reflects actions being taken by the departmental management team to bear down on the overspend. However budget pressures continue to be experienced in staffing costs and income generation which are becoming increasingly difficult to manage without effect on the delivery of the current services.

A reduced overspend of £483k (down by £185k) is now projected in E&E due mainly to the staff voluntary severance scheme and the reduced salary bill going forwards. The pressures previously reported in income generation, the delayed sign-off of the fleet management contract and the risk attached to the failure to rein in unplanned overtime and the use of agency staff, remain a concern.

An increased overspend of £357k is now projected in Revenue and Benefits based on actual spend to the transfer date plus the appropriate proportion of the remaining full year budget. There is no change in the subsidy projection however there are pressures from not achieving incomes from overpayment and court costs. Furthermore an increase in the provision for bad debts is likely and represents an additional pressure to consider. The Barking and Dagenham Direct service is projected to underspend by £357k, an increase of £49k from the last period. Revenue and Benefits and a large part of the Barking and Dagenham Direct service transferred to Elevate on 10 December 2010.

The Housing Service is projected to underspend by £42, a decrease of £80k from the last period. A pressure (£332k) has arisen from a gap between the cost of bed and breakfast accommodation and income received from housing benefits. This is in addition to the pressures previously reported in relation to staff costs and a housing benefit subsidy shortfall affecting private sector leased contracts resulting from changes to the rules. An action plan has been established to address this additional pressure. The service is also in discussion with the PCT about outstanding rental income but a provision has been made in the event this pressure materialises.

3.1.4 Finance and Resources

At the end of this period, the department is projecting an underspend of £3m to be used to contribute to its in-year savings target. The departmental and divisional management teams have done a great deal of work to contain in-year budget pressures to remain within cash limits and achieve its in-year savings target of £3m.

The underspend has largely been achieved through the voluntary severance scheme and holding of vacant posts across the department. However reducing spend from the Area Based Grant, training and data security budgets and a cut in external work on corporate projects and tighter control on expenditure on the use of locum lawyers and

purchase of supplies and services have also contributed to this position. Income from the Council's Agency contract and from property and sponsored road schemes has also contributed to this projection.

There are continuing cost and income generation pressures within Marketing & Communications and Asset Management and Capital Delivery which are being closely monitored and managed.

3.1.5 General Finance and Contingency

General Finance continues to project breaking-even on its working budget. The balance on contingency is currently £6.6m. The current level of contingency needs to be considered in relation to the continuing projected departmental overspends and the assumption that all the in-year savings are delivered.

4 Housing Revenue Account

- 4.1 The HRA is projected to underspend by £1,001k, a positive change of £1,039k from the last period. This has been achieved, in the main, from action taken by managers to review the cost of discretionary spend and eliminate planned activity which does not significantly impact on service delivery.
- 4.2 Revenue from residential tenants and commercial properties are projected to exceed expectation, however on the downside, recharges related to supervision and management costs are projected to overspend by £1,414k, an increase of £502k from the last period. The reasons for the overall overspend are unbudgeted security, leaseholders and pension costs (previously reported), funding for voluntary severance costs (£200k), additional staff costs for additional caretaking on intensive estates (£74k), Council tax on empty properties (£100k) and repairs to communal water supplies outside contract terms (£213k).
- 4.3 Continuing pressures in the Enterprise repairs and maintenance contract have been mitigated by underspends in the client team.
- 4.4 The HRA is forecasted to benefit from positive movements on the final HRA subsidy claim and depreciation of non-dwellings.
- 4.5 The detailed HRA position is shown in Appendix B.

5 Capital Programme

- 5.1 As at the end of December, the capital programme is showing a spend of £61.56m which is 52% of the capital programme approved by cabinet. The projected outturn is £114.61m; showing a slippage of £5.3m.
- 5.2 The full departmental analysis of capital projects is provided at Appendix C.

6 Capital Scheme Re-Profiles/Adjustments

- 6.1 A review of all capital projects has been undertaken and re-profiling of a number of schemes is required as shown in Appendix D. This has also been incorporated into the revised budget within Appendix C to enable a much better outturn and projected

slippage to be obtained.

- 6.2 Re-profiling for many schemes is required due to project sponsors awaiting funding confirmations from central government. These have only recently been confirmed subsequently schemes have either recently approved five green lights through the CPMO process or have yet to receive them. Consequently, spend projections have changed and budgets need to be re-profiled to accurately these profiles and to account for the delay in delivery.

7 Financial Health Indicators

- 7.1 To enable Members to monitor effectively on a quarterly basis we report the position against a range of financial health indicators. These indicators include income collection, level of variance from budget, prudential framework indicators and capital programme management. Attached at Appendix E is a list of the Council's significant health indicators for the period ending 31st December 2010. At this stage there is nothing significant to report.

8 Legal Issues

- 8.1 The legal issues are covered in the section "Comments of the Legal Partner" earlier in the report.

9 Other Implications

- **Risk Management**

The risk to the Council is that if the currently projected overspends are not eliminated the level of balances will fall to a level which is below that recommended by the Corporate Director of Finance and Resources in order to meet potential future financial risks and contributes to the rating of Corporate Risk 07 – Budget Management & Income Realisation.

- **Staffing Issues**

As part of the measures to reduce in-year pressures any recruitment has to be agreed at Director-level. A Voluntary Severance Scheme was instigated in July and over 100 staff will be leaving as a consequence. A further Scheme is now running, with a closing date for applications in early January, although this is unlikely to impact on the 2010/11 financial position..

- **Customer Impact**

As far as possible all restraints have been placed on non-essential services spend. Some cuts may directly or indirectly affect customers but every effort will be made to mitigate any impact on front line services. All departments are required to consider the equalities impacts of their savings plans, and to put in place mitigating actions where necessary.

- **Safeguarding Children**

All actions taken to mitigate the overspend of the placements budget in Safeguarding and Rights will need to be undertaken within a risk management framework to ensure that the safeguarding needs of individual children are not compromised.

- **Property / Asset Issues**

Some non-essential maintenance to properties may be re-phased

10 Background Papers Used in the Preparation of the Report:

– Councils Provisional Revenue and Capital Outturn 2009/10 – Cabinet 8 June 2010, Minute 8

11 List of appendices:

Appendix A – General Fund Revenue Budget Monitoring Statement – November 2010

Appendix B – Housing Revenue Account (HRA) Budget Monitoring Statement – November 2010

Appendix C – Capital Programme Budget Statement – November 2010

Appendix D – Capital Programme Re-profiling

Appendix E – Financial Health Indicators

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REVENUE MONITORING STATEMENT - DECEMBER 2010/11

SERVICES	2010/11				
	Provisional Outturn 2009/10	Original Budget	Working Budget	Projected Outturn	Projected Variance
	£'000	£'000	£'000	£'000	£'000
<u>Adult & Community Services</u>					
Adult Care Services	5,451	5,340	5,601	5,601	-
Adult Commissioning Services	44,371	45,722	46,462	46,462	-
Community Safety & Neighbourhood Ser	3,303	4,119	4,109	4,109	-
Community Cohesion & Equalities	7,461	8,130	8,003	8,003	-
Leisure & Arts	6,443	6,053	5,903	5,903	-
SSR/ Other Services	512	616	461	461	-
	67,541	69,980	70,539	70,539	-
<u>Children's Services</u>					
Quality & Schools Improvement	6,711	9,197	8,659	8,561	(98)
Integrated Family Services	593	1,694	1,574	1,192	(382)
Safeguarding & Rights Services	36,248	31,545	31,798	35,887	4,089
Children's Policy & Trust Commissioning	1,408	6,597	6,030	5,932	(98)
Skills, Learning and Enterprise	1,712	4,366	4,846	4,554	(292)
Other Services	7,623	6,885	6,676	5,226	(1,450)
	54,295	60,284	59,583	61,352	1,769
<u>Children's Services - DSG</u>					
Schools	(2,948)	(14,320)	(13,406)	(14,303)	(897)
Quality & Schools Improvement	7,944	10,920	8,771	9,668	897
Integrated Family Services	2,899	1,560	2,543	2,543	-
Safeguarding & Rights Services	140	-	49	49	-
Children's Policy & Trust Commissioning	1,562	1,070	1,206	1,206	-
Skills and Learning	423	770	770	770	-
Other Services	54	-	67	67	-
	10,074	-	-	-	-
<u>Customer Services</u>					
Environment & Enforcement	21,410	19,520	19,409	19,892	483
Housing Services	939	4,616	3,080	3,037	(43)
Revenues & Benefits	3,723	1,214	1,431	1,788	357
Barking & Dagenham Direct	(15)	(500)	(633)	(990)	(357)
	26,057	24,850	23,287	23,727	440
<u>Finance & Resources</u>					
Chief Executive	458	60	819	779	(40)
Marketing & Communication and Other Directorate Costs*	(506)	647	442	(196)	(638)
Legal & Democratic Services	949	827	955	770	(185)
Customer Strategy and Transformation**	(153)	(414)	(614)	(1,114)	(500)
Human Resources	(342)	(181)	74	57	(17)
Asset Management & Capital Delivery	3,747	1,982	2,660	2,174	(486)
Corporate Management	5,205	5,411	5,321	4,948	(373)
Financial Services	951	(144)	(2,509)	289	2,798
Strategy and Performance	(210)	(164)	(164)	(324)	(160)
Regeneration & Economic Development	4,379	5,477	5,012	4,613	(399)
	14,478	13,501	11,996	11,996	-
<u>Other</u>					
General Finance	(33,296)	(27,850)	(25,376)	(25,376)	-
Contingency	-	6,023	6,760	6,760	-
Levies	7,642	7,983	7,983	7,983	-
TOTAL	146,791	154,771	154,772	156,981	2,209

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Housing Revenue Account 31st December 2010	Revised Budget 2010/11	Forecast 2010/11	Variance 2010/11
	£'000	£'000	£'000
Total Income	(90,082)	(90,953)	(871)
Repairs and Maintenance	23,338	23,305	(33)
Supervision & Management	29,431	30,845	1,414
Rent Rates and Other	577	682	105
HRA Subsidy Payable	18,385	18,135	(250)
Depreciation	14,169	13,482	(687)
Increase in Bad Debt Provision	800	1,128	328
Corporate and Democratic core Revenue Contributions to Capital Outlay	811	811	-
Total Expenditure	90,082	89,952	(130)
In Year overspend/(underspend)	-	(1,001)	(1,001)

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SUMMARY OF CAPITAL EXPENDITURE - December 2010

	<u>Original Budget</u>	<u>Budget as at Dec 2010</u>	<u>Reprofiles Requested</u>	<u>Revised Budget</u>	<u>Actual to date</u>	<u>Percentage Spend to Date</u>	<u>Projected Outturn</u>	<u>Projected Outturn against Revised Budget</u>
	(1)			(2)				
<u>Department</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>%</u>	<u>£'000</u>	<u>£'000</u>
Adult & Community Services	17,603	23,097	(4,012)	19,085	12,272	64%	19,839	754
Children's Services	80,499	43,967	(1,372)	42,595	25,396	60%	40,389	(2,206)
Customer Services	46,953	46,082	(282)	45,800	19,254	42%	41,912	(3,888)
Resources	14,977	13,353	(945)	12,408	4,639	37%	12,466	58
Total for all Schemes	160,032	126,499	(6,611)	119,888	61,561	51%	114,606	(5,282)

1) Original Budget per Executive 16 February 2010

2) Revised budget takes account of roll forwards/backwards and the effect of the requested reprofiling

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CAPITAL REPROFILE REQUESTS

DETAIL	Budget 2010/11 £'000s	Budget 2011/12 £'000s	Budget 2012/13 £'000s	Budget 2013/14 £'000s	Total £'000s	External Funding £'000s	Section 106 £'000s	Departmental Borrowing £'000s	Corporate Borrowing £'000s	Total £'000s
Adult & Community Services- Current Profile										
Ripple Hall (St Georges/Vol Group Relocation)	1,541	-	-	-	1,541	1,043	-	-	498	1,541
Eastbury Manor House (Redevelopment)	50	-	-	-	50	50	-	-	-	50
Valence Site Redevelopment	1,718	-	-	-	1,718	667	-	-	1,052	1,718
Contingency	22	19	-	-	41	-	-	-	41	41
Barking Park Restoration & Improvement	3,800	2,003	-	-	5,803	3,043	-	-	2,760	5,803
Abbey Green Park Development	81	-	-	-	81	31	50	-	-	81
Staff Costs	71	63	-	-	134	-	-	-	134	134
Valence Park Improvements	106	-	-	-	106	-	-	-	106	106
Barking Park Artwork	84	-	-	-	84	-	84	-	-	84
Becontree Heath Leisure Centre	13,500	3,617	252	-	17,369	-	-	4,400	12,969	17,369
Mayesbrook Park Improvements (Phase 1)	230	610	-	-	840	790	-	-	50	840
Barking Park Boats & Trains	-	-	-	-	-	-	-	-	-	-
Total	21,203	6,312	252	-	27,768	5,623	134	4,400	17,611	27,768
Adult & Community Services- Proposed Profile										
Ripple Hall (St Georges/Vol Group Relocation)	1,441	100	-	-	1,541	1,043	-	-	498	1,541
Eastbury Manor House (Redevelopment)	50	-	-	-	50	-	-	-	50	50
Valence Site Redevelopment	1,418	300	-	-	1,718	667	-	-	1,052	1,718
Contingency	-	18	-	-	18	-	-	-	18	18
Barking Park Restoration & Improvement	1,500	4,303	-	-	5,803	3,043	-	-	2,760	5,803
Abbey Green Park Development	17	33	-	-	50	-	50	-	-	50
Staff Costs	36	98	-	-	134	-	-	-	134	134
Valence Park Improvements	82	24	-	-	106	-	-	-	106	106
Barking Park Artwork	-	84	-	-	84	-	84	-	-	84
Becontree Heath Leisure Centre	12,500	4,617	252	-	17,369	-	-	4,400	12,969	17,369
Mayesbrook Park Improvements (Phase 1)	93	747	-	-	840	790	-	-	50	840
Barking Park Boats & Trains	55	-	-	-	55	31	-	-	24	55
Total	17,192	10,324	252	-	27,768	5,573	134	4,400	17,661	27,768
Childrens Services- Current Profile										
Thames View Infants - London TG Agreement	864	420	29	-	1,313	1,313	-	-	-	1,313
Thames View Juniors - Expansion & Refurb	300	2,125	75	-	2,500	2,500	-	-	-	2,500
Westbury - New Primary Sch	382	1,750	96	-	2,228	2,228	-	-	-	2,228
Former UEL Primary School - New Primary School	-	8,323	1,838	-	10,161	10,161	-	-	-	10,161
Cross-Government Co-Location Fund	293	120	-	-	413	413	-	-	-	413
Advanced Skills Centre	4,159	8,900	-	-	13,059	4,159	-	-	8,900	13,059
Total	5,998	21,638	2,038	-	29,674	20,774	-	-	8,900	29,674
Childrens Services- Proposed Profile										
Thames View Infants - London TG Agreement	891	420	29	-	1,340	1,340	-	-	-	1,340
Thames View Juniors - Expansion & Refurb	170	2,230	100	-	2,500	2,500	-	-	-	2,500
Westbury - New Primary Sch	382	1,750	100	-	2,232	2,232	-	-	-	2,232
Former UEL Primary School - New Primary School	700	8,323	1,138	-	10,161	10,161	-	-	-	10,161
Cross-Government Co-Location Fund	483	50	-	-	533	533	-	-	-	533

Advanced Skills Centre	2,000	9,000	1,675	384	13,059	4,159	-	-	8,900	13,059
Total	4,626	21,773	3,042	384	29,825	20,925	-	-	8,900	29,825
Customer Services - Current Profile										
Housing Futures- King William Street Quarter	4,604	1,816	-	-	6,420	4,044	-	2,376	-	6,420
Customer Services - Proposed Profile										
Housing Futures- King William Street Quarter	4,322	1,816	-	-	6,138	3,762	-	2,376	-	6,138
Resources - Current Profile										
Backlog Capital Improvements	1,175	-	-	-	1,175	-	-	-	1,175	1,175
Asbestos (Public Buildings)	-	153	-	-	153	-	-	-	153	153
Corporate Accommodation Strategy	1,446	3,013	-	-	4,459	-	-	1,187	3,272	4,459
Axe Street Housing	400	-	-	-	400	-	400	-	-	400
East End Thames View Demolition	244	-	-	-	244	-	244	-	-	244
William Quarter Street - Phase 1	-	-	-	-	-	-	-	-	-	-
TFL - LIP Funding Programme 2009-10	53	-	-	-	53	53	-	-	-	53
TFL - LIP Funding Programme 2010-2011	108	-	-	-	108	108	-	-	-	108
BTC Public Realm - Tsq & Abbey	230	103	-	-	333	333	-	-	-	333
Shop Mobility (TFL)	4	-	-	-	4	4	-	-	-	4
Total	3,659	3,269			6,927	497	643		4,600	6,927
Resources - Proposed Profile										
Backlog Capital Improvements	800	375	-	-	1,175	-	-	-	1,175	1,175
Asbestos (Public Buildings)	25	128	-	-	153	-	-	-	153	153
Corporate Accommodation Strategy	827	2,072	1,560	-	4,459	-	-	1,187	3,272	4,459
Axe Street Housing	136	263	-	-	400	-	400	-	-	400
East End Thames View Demolition	187	57	-	-	244	-	244	-	-	244
William Quarter Street - Phase 1	282	-	-	-	282	282	-	-	-	282
TFL - LIP Funding Programme 2009-10	-	-	-	-	-	-	-	-	-	-
TFL - LIP Funding Programme 2010-2011	100	-	-	-	100	100	-	-	-	100
BTC Public Realm - Tsq & Abbey	356	103	-	-	459	459	-	-	-	459
Shop Mobility (TFL)	-	-	-	-	-	-	-	-	-	-
Total	2,714	2,998	1,560		7,271	841	643		4,600	7,271

APPENDIX E

Key Financial Health Indicators to 31st December 2010**Revenue**

Financial Monitoring	<u>2010/11</u> <u>Variance</u> <u>Projection</u>	<u>Current</u> <u>Budget</u>	<u>Projected</u> <u>Outturn</u>	<u>Quarter 3</u> <u>Variance</u> <u>Projection</u>	<u>Variance to</u> <u>2010/11</u> <u>Projection</u>	<u>Next</u> <u>Quarter</u> <u>Variance</u> <u>Target</u>	<u>Year end</u> <u>Variance</u> <u>Target</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Service Departments	0.0	180.1	182.4	2.2	2.2	0.0	0
Other Services	0.0	(25.38)	(25.38)	0	0.0	0.0	0
Total	0.0	154.8	157.0	2.2	2.2	0.0	0

Narrative:

All departments of the council are reporting budgetary pressures. Where action plans are in place to address these they are not projected as overspends. The current adverse position at the end of Quarter 3 is not considered irreversible but challenging and departments are actively managing reductions to the projected overspends. Full details of the September position is included in Section 3 within the main text of this report.

Income Collection	<u>Target</u> <u>Collection</u> <u>Rate</u>	<u>Cash</u> <u>Equivalent</u>	<u>Actual</u> <u>Collection</u> <u>Rate</u>	<u>Cash</u> <u>Equivalent</u>	<u>Variance to</u> <u>Target</u> <u>Rate</u>	<u>Cash</u> <u>Equivalent</u>	<u>Next Quarter</u> <u>Target</u>
Council Tax	83.00%	£42.631m	80.84%	£41.523m	-2.16%	-£1.108m	94.50%
NNDR	80.00%	£41.476m	78.09%	£40.485m	-1.91%	-£991k	97.00%
Ctax Arrears - prior years	12.50%	£1.538m	8.56%	£1.053m	-3.94%	-£484k	15.00%
Rent Collection	97.00%	£87.498m	95.94%	£86.537m	-1.06%	-£961k	97.00%

Narrative:

The collection rates for both Council Tax and NNDR at the end of Quarter 3 are down against the more aggressive target. Council Tax performance is 0.4% down against 2009-10 performance and this is due to a National Fraud Office exercise having been completed that increased the net collectable debit by approximately 1%. In terms of NNDR, performance is down by 0.5% against the same period for 2009-10. Rent Collection at the end of Quarter 3 stands at 95.94% and this is an improvement of 1.21% on the Period 4 outturn (this was the first 2010-11 report available).

Key Financial Health Indicators to 31st December 2010

Investments

	<u>Average Investment Balances</u> £m	<u>Benchmark Return</u>	<u>Return to 31st Dec 2010</u>	<u>Variance against Benchmark</u>	<u>Total Interest Earned</u> £m
Council in House team	38.6	1.50%	1.12%	-0.38%	0.522
External Fund Manager (1)	28.1	1.50%	0.50%	-1.00%	0.140
External Fund Manager (2)	16.4	1.50%	0.54%	-0.96%	0.097
External Fund Manager (3)	15.0	1.50%	0.34%	-1.16%	0.057

Narrative:
The above statistics show investment performance to the end of September 2010. Bank rates remain at 0.5% for the past 2 years and is predicted to remain so between now and the rest of the financial year as a result of the slow economic recovery in the UK and further government spending cuts. This continues to create a significantly bleaker outlook for investment income. However forecast from the Council's treasury advisers Sector Treasury Services indicate that the perception that bank rate will increase in 2011 is strong. Returns are currently expected to achieve the benchmark return.

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Capital

<u>Capital Programme</u>	<u>Original Budget</u> £m	<u>Appraised Working Budget</u> £m	<u>Actual Spend @ Q3</u> £m	<u>Projected Spend</u> £m	<u>Variance to Working Budget</u> %	<u>£m</u>
Capital Spend	160	120	61.6	115	4.17%	5

Narrative:
Actual spend as at the end of December was £61.6m, which is 51% of the working budget. At this stage in the year, it is expected that the outturn will be £107.9m against the budget of £123.9m, however, this position will be subject to robust scrutiny to ensure that timetables and milestones can be adhered to, and that budgets are realistic.

Key Financial Health Indicators to 31st December 2010

Capital

Prudential Indicators	Original Indicators @ 1/4/10			Revised Indicators @31/12/10		
	2010/11	2011/12	2012/13	2010/11	2011/12	2012/13
<u>Capital</u>						
Capital Expenditure (£'000)	£160,032	£103,182	£117,528	£119,833	£120,852	£23,774
<u>Financing Costs</u>						
- Ratio of HRA Financing costs to Net Revenue Stream	15.06%	15.06%	15.06%	1.70%	3.70%	3.30%
- Ratio of General Fund Financing Net Revenue Stream	4.53%	5.72%	6.66%	7.10%	8.00%	9.40%
Impact on Band 'D' Council Tax	£135.73	£171.37	£199.65	£212.64	£277.10	£326.54
Impact on Average Housing Rent	£0	£0	£0	£0	£0	£0
Capital Financing Requirement	£105,221	£126,721	£135,221	£157,179	£206,223	£222,209
<u>Treasury Management</u>						
Operational Limit on Borrowing	£90m	£115m	£120m	£90m	£115m	£120m
Authorised Limit	£200m	£200m	£200m	£200m	£200m	£200m
<u>Narrative:</u>						
The capital expenditure indicator is showing an increase in the capital programme budget as a result of schemes being successfully appraised through the CPMO process. The remaining capital indicators look at the affordability of the capital programme, and at this stage of the year, there are no signs that this affordability will be different from that which was projected at the beginning of the year. The Treasury indicators look at the level of borrowing required to finance capital expenditure. As at the end of quarter 2, the projection is in line with budget.						

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CABINET

15 FEBRUARY 2011

REPORT OF THE CABINET MEMBER FOR HOUSING

Title: Housing Revenue Account (HRA) Estimates and Review of Rents and Other Charges 2011/12	For Decision
<p>Summary:</p> <p>The Council has a statutory responsibility through the Local Government and Housing Act 1989 to manage the HRA as a ring fenced landlord account providing housing services to the Council's tenants and leaseholders. This report makes recommendations on the setting of rents, tenants' service charges and other charges for 2011/12, along with planned reductions in expenditure, to achieve a prudent working balance.</p> <p>In achieving efficiencies which have benefited the HRA, headroom has been created to support the proposal to borrow £16.4 million to accelerate the Council's estate renewal programme. This sum together with the £7.1m agreed by the Cabinet on 5 October 2010 funds the full first phase of the Estate Renewal Programme of £23.5m.</p> <p>Wards Affected: All</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to agree:</p> <ul style="list-style-type: none"> (i) The HRA estimates for 2011/2012, as set out in Appendix 1, and in particular; <ul style="list-style-type: none"> a) A Council dwelling rent increase of 7.06%, calculated in accordance with the Government's rent restructuring policy, which represents an average weekly rent increase of £5.22; b) An increase to tenant service charges of 0.72% (an average of £0.20 per week); c) An increase to communal heating and hot water charges of 22.1% (an average of £2.11 per week); d) An increase to garage rents of 7.06% (an average of £0.77 per week); (ii) The increases in (a) to (d) above taking effect on 4 April 2011; (iii) To note that rents for commercial properties will increase in line with lease agreements; (iv) Approval to borrow £16.4m to pump prime the Council's Estate Renewal Programme, subject to (a) the finalisation of the "debt settlement" cap operating under the new HRA self-financing system and its impact on resulting borrowing capacity, and (b) confirmation by the Corporate Director of Finance and Resources and the Corporate Director of Customer Services that the conditions for prudential borrowing have been met; and 	

- (v) That a further report be brought to the Cabinet following a review of HRA costs and charges with a view to identifying additional potential savings to the HRA which may provide capacity for service greater investment.

Reason(s)

To meet the Council's statutory duty to annually review rents and other charges, to ensure rent levels conform with the Government's rent restructuring proposals and to produce a balanced Housing Revenue Account and assist in achieving the Community Priority "Prosperous".

Comments of the Chief Financial Officer

The financial recommendations in this report allow the HRA to set a balanced budget in 2011/12. The HRA working balance retained a working balance of £3.4m at the end of 2009/10, and is forecast to increase further to £4.4m by March 2011. This provides a prudent working balance to ensure the sustainability of the HRA until HRA reform takes place at the proposed date of 1 April 2012. Setting a deficit budget in 2011/12 would require a call on reserves to bridge any budget shortfall in 2011/12 thus placing further strain on the long term sustainability of the HRA.

Comments of the Legal Partner

Through the Local Government & Housing Act 1989 the Council has a statutory responsibility to manage a ring fenced HRA and is responsible for ensuring that the HRA maintains prudent revenue balances.

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Cabinet Member: Councillor Phil Waker	Portfolio: Cabinet Member for Housing	Contact Details: Tel: 020 (xxx xxxx) E-mail: (e-mail address)

1. Background

- 1.1 This report sets out the 2011/12 HRA budget, together with proposed increases in rent and other charges, the outcome of the tenants consultation exercise, reviews the forecast position and options for achieving a surplus budget to restore a prudent working balance.

2. Policy Context

- 2.1 The Council has a statutory responsibility through the Local Government and Housing Act 1989 to manage the HRA as a ring fenced landlord account providing housing services to the Council's tenants and leaseholders. This report makes recommendations on the setting of rents and other charges for 2011/12 in accordance with the Councils statutory responsibility.

- 2.2 The Local Government and Housing Act 1989 Section 74 Part V1 specifies the major items that must be included in the HRA. Section 66(4) of the Act specifies that the HRA must be produced in accordance with approved Accounting Code of Practice.
3. **HRA Outlook**
- 3.1 LBBD is currently the biggest contributor to the National Housing Subsidy System and until the constraints of the current subsidy system can be removed the ability of the Authority to move forward on key tenant aspirations will be difficult.
- 3.2 The CLG is currently reviewing the Housing Subsidy System with the view of allowing Councils to buy themselves out of the current subsidy system and to manage their HRA under a self-finance regime. It is unclear, at this stage, exactly how this would impact on LBBD as the key issue appears to be the allocation of debt through a “debt redistribution” process. CLG has provided formal guidance on the “Debt Redistribution” methodology but final figures will not be known until January 2012.
- 3.3 LBBD continue to be involved in key discussions with the CLG and regularly participate in discussion forums that are exploring the technicalities and implications of “debt redistribution” and to determine whether the new framework is sustainable. The CLG has commissioned the development of a prescribed 30-year business plan for calculating a “debt redistribution” model and Grant Shapps (Minister for Housing) will put forward an offer to exit the current Housing Subsidy System to all HRA Authorities through the Localism Bill – this is subject to primary legislation being passed by the end of 2011. A future Cabinet meeting will need to give consideration to this.
- 3.4 The offer will be based on future income streams of authorities and will place an overall borrowing cap on the HRA. LBBD is seeking particular clarity over a number of issues: its negative subsidy debt of £19m; the fact that 2,400 properties will drop out of its base stock as a result of the estate renewal programme and the fact that it has been borrowing to fund new builds and supplement capital spend on Housing Futures. These are all factors that will contribute to the ‘settlement’ and ‘borrowing cap’ figures.
- 3.5 In 2008/09 a HRA technical support team was tasked with exploring opportunities to increase the HRA working balance. There were a number areas investigated and some initial successes were delivered. However at 31 March 2009 the working balance had fallen to £977,000. This reflected the ongoing difficulty in reversing previous decisions that, while costing the HRA significant resources, could only be reversed over the next 1-3 years. Section 3.7 explores some of these issues in further detail. By 31 March 2010 the working balance had been increased to £3.4m and a further under spend of £1m is targeted in 2010/11, thus potentially increasing the working balance to £4.4m. Members should note that Officers’ recommend that an appropriate HRA working balance should be at least £3.0m and it is recommended that the working balance is maintained between £3.0m - £5.0m.

- 3.6 Right-to-buy sales as a result of the economic downturn have slowed considerably and, for the foreseeable future, are anticipated to remain low which is also contributing to the Council's low level of available capital resources.
- 3.7 Members should note that significant efforts have been focused on improving the overall management of the HRA to ensure the account remains financially viable. This has included:
- (i) Completing the phased approach of depooling tenant service charges which will generate £7.5m income in 2011/12. Completing this exercise was essential in preventing further exposure to the CLG's rent rebate subsidy limitation that was budgeted to cost £4.611m in 2008/09. The depooling resulted in this being reduced to nil for 2010/11 and 2011/12.
 - (ii) Tenancy services work continues to drive out efficiency savings including a reduction in the Enterprise Ltd Repairs & Maintenance contract of £500,000 from 2011/12. The contract with Enterprise is set to expire in March 2013.
 - (iii) A review of the water and sewerage contract with Essex Water Board (EWB) was undertaken to assess the processes in place for managing this contractual arrangement. Changes included: renegotiating the administration charge, renegotiating the management of voids (in particular voids from decants subject to a demolition order) and also identified flaws in the management process whereby the HRA failed to maximise the financial benefits of empty properties. This work has resulted in the administration charge increasing from 4.5% to 11.5% worth £500,000 a year and recovered £1m in payments previously made to EWB.
 - (iv) A fundamental review of the subsidy impact on LBBD has taken place. This highlighted opportunities for the HRA to maximise payments from the CLG for rent loss through the Council's continued support of the rent restructuring policy. In 2008/09 the HRA successfully recovered £1.0m from the Rental Constraint Allowance (RCA) and followed this process through into 2009/10, 2010/11 and 2011/12 by increasing the 'caps & limits' adjustment paid by the CLG from £130,000 to £980,000 in 2009/10, £2.094m in 2010/11 and £2.015m in 2011/12. Whilst this is technically not new income as the CLG is refunding the Council for lost income from tenants derived from the rent restructuring policy, it is also evident that in previous years the Council had not attached the level of technical expertise needed to ensure that monies due to the Council were recovered. For example in 2007/08 the Council did not submit a claim for RCA when they were clearly entitled to do so.
- 3.8 The Council is committed to regenerating its estates within the borough where the cost to achieve the government Decent Homes standard is thought not to provide value for money, and/or communities are failing in the current set up. A programme for an initial £7.1m was agreed by members for which revenue implications have been built into the 2011/12 budget. This constitutes an income loss of approx £1.4m. A further £16.4m is estimated to complete the Estate Renewal Programme, and has been included in the budget but will be subject to CLG approval of settlement debt cap (note 3.2). Income loss of £733,000 and debt charges of £1.48m is estimated for this additional borrowing based on the estimated profiling of the decanting process.

4. Medium Term Financial Strategy (MTFS)

- 4.1 The HRA MTFS aims to secure the medium and long term financial viability of the HRA. This includes robust financial management in the short term to ensure a balanced HRA budget can be set each year and the medium to long term strategy aimed at ensuring a prudent HRA working balance is maintained to support the delivery of quality services to residents in line with all stakeholders expectations.
- 4.2 The current HRA MTFS is relevant only until April 2012 when it is likely that the government will impose a self financing regime. A revised MTFS will be produced post settlement.
- 4.3 The changes to the HRA subsidy system were started by the previous government and it looks likely that the changes will be implemented by the new government through the provisions in the Localism Bill which is due to be enacted shortly.

5. Financial Issues

5.1 Rental Income

- 5.2 The Government, through the rent restructuring policy, determines annual increases in rent levels. The purpose of this policy is to charge tenants fair and affordable rents below private sector market rents. The rent restructuring policy originally required tenant rents to converge to formula rent by 2011/12. In each of the last three years the Government has amended the rental convergence timeframe. In the Subsidy Determination 2011/12, the Government specifically uses 5 years as the rent convergence factor. The Government policy on calculating formula rents also includes a driver for inflation, in 2011/12 this is 4.6%. With this inflationary factor embedded in the rent formula the proposed annual rent increase is £5.22 per week or 7.06%
- 5.3 As part of the annual subsidy determination, the Government will protect Councils where tenants' rents do not converge due to the rental income constraints of following the rent restructuring policy. This is applied through the 'caps and limits' constraints that ensure an individual tenant does not have a rent increase (including tenant service charges) that exceeds RPI + 1/2% + £2. The impact of the 'caps & limit' constraint in 2011/12 will be a loss of rental income of £2.06 per week per dwelling on average or £2.015m in total to the HRA. The protection offered within the subsidy determination will see the lost rental income paid annually in arrears.
- 5.4 The 2011/12 housing subsidy determination instructs Councils to increase rental income by RPI of 4.6% plus 0.5% (5.1%) plus an element for rent convergence as directed through the rent restructuring policy. Appendix 3 summarises the year on year changes in rental income, tenant service charges and the impact on rent rebate subsidy limitation.

5.5 Tenant Service Charges

- 5.6 Tenant service charges have been depooled for five services, these being caretaking, concierge, grounds maintenance, security charges and TV aerials. The proposed increase in the charge for these services is 0.70% or £0.20 per week.

5.7 Rent Rebate Subsidy Limitation (RRSL)

5.8 The RRSL represents the charge to the HRA where the average rent charged to tenants is determined as exceeding the Government's guideline rent for the Council. In 2008/09, the rent setting process set aside a budget of £4.611m for this charge. In 2011/12, this charge has been managed down to nil as a result of the ongoing work to charge tenants service charges based on services they receive rather than pooling costs under a single rental charge.

6. Housing Subsidy Determination

6.1 The CLG has issued the final subsidy determination for consultation and the information contained in this report is based on the final determination.

6.2 The HRA contributes annually to the national notional HRA based on the Housing Subsidy Determination as issued by the Secretary of State through the CLG. The Council's HRA continues to be a net contributor to the national notional HRA with a payment of £18.931m in 2011/12. This represents a decrease of £497,000 or 2.56% from 2010/11. Appendix 6 summarises the movement in the draft subsidy determination. The key issues to be taken from this include:

6.3 The management allowance has increased by £1.396m to £16.249m based on an inflation factor increase of 9.9%.

6.4 The maintenance allowance has increased by £1.890m to £27.2439m. Historically the Council's maintenance allowance exceeded the level calculated within the subsidy determination thus meaning the Council's allowance is protected annually at the higher level.

6.5 The major works allowance has increased by 5.65% per dwelling in 2011/12 representing an increase of £728,000. These resources are earmarked to fund the Council's Decent Homes Programme (Housing Futures) through the Major Repairs Reserve and so will not directly benefit the HRA.

6.6 Subsidy capital financing requirement (payment of interest to the CLG) will decrease by £242,000 in 2010/11 this however does not represent a real increase in resources as there is a corresponding reduction in interest payments from the General Fund to the HRA.

6.7 Members should note that if the Major Repairs Allowance (MRA funds capital) and subsidy capital financing requirement are excluded from these figures then the subsidy payable to the Treasury increases from £33.0m to £33.475m. This is an increase of £475,000 or 1.43% and shows the real revenue impact of the draft subsidy determination on the Council's HRA.

7. Other Income

7.1 There are numerous other sources of income to the HRA other than rental income. The main sources of income include:

- 7.2 Commercial property rents are based on the contractual agreement in place at the start of the commercial let. The contract determines the annual increase in the rental charge. Where a contract comes up for renewal or is a new contract then these charges are determined based on market conditions. It is anticipated that the current economic situation will have minimal or no significant impact on this income.
- 7.3 Garage rental income will increase by 7.06% taking the average charge from £11.03 to £11.80 per week.
- 7.4 The heating and hot water charge is paid by over 3,300 tenants and formed part of the ongoing HRA technical review. Section 11 of this report provides further analysis on this area.
- 7.5 The HRA charges and collects water rates to tenants on behalf of the Essex Water Board (ESB). The ESB in return pay the HRA a fee for the management and collection of water rates. The ESB also determine the annual increase in charges and these increases are applied to tenants by the Council. The ESB's proposed increase in 2011/12 has still to be agreed and so the Council have not been notified of the proposed increase to date.

8. Housing Investment Programme

- 8.1 The Housing Investment programme (formerly Housing Futures) is funded mainly from the Council's capital receipts and the Major Repairs Allowance (MRA). The MRA is the redirection of the HRA's revenue resources to capital through the Housing Subsidy determination. In 2011/12 the MRA will be £14.697m, an increase of £728,000. Appendix 7 summarises the MRR (Major Repairs Reserve) financial position and details the drawdown from the account to support the Council's Housing Futures capital programme.
- 8.2 Whilst the main sources of funding of the Housing Investment Programme are covered earlier it is possible for the HRA to make a revenue contribution to the MRR to assist with the funding of the capital programme. Members should note that to do this would require the HRA to maintain significant working balances that protect the long-term viability of the HRA. It is officer's opinion that the HRA does not hold sufficient revenue balances to be in a position to support the Housing Investment Programme capital programme.
- 8.3 The Government has invited all authorities that have not yet achieved Decent Homes for all their stock to make bids for further resources. The Council on 11th January submitted a bid for £65 million for the period of the current Government Spending Review period based on an updated stock condition survey. If the bid is successful, this will be an addition to the Housing Investment Programme as currently agreed. The mechanism of providing resources is likely to be through borrowing approval in the first year, with cash grants in the proceeding years. The borrowing cost has been factored into the budget setting.

9. Recharges

- 9.1 Recharges to the HRA are for services provided to HRA tenants and leaseholders by internal Council services. These range from central service functions such as Payroll, Finance and IT to front line delivery services such as refuse collection,

grounds maintenance and building cleaning. Recharges in 2010/11 of £13.643m were charged to the HRA and in 2011/12 this will decrease to £12.302m. This represents a decrease of £1.4m or 9.82%.

- 9.2 Members should note that the recharges above for support services are paid by the HRA to the Council's General Fund. The HRA continues to drive out efficiencies from services and contracts controlled by Housing in order to maintain balances that protect the HRA from the difficult subsidy position driven by Central Government. If the HRA is to leave the subsidy system in the near future then it would need to ensure that the HRA maintained reasonable balances that would provide some room for manoeuvre when the "Debt Redistribution" is agreed. It would seem likely that the Council may need to reassess the level of recharges from central services made to the HRA in order to deliver more efficiencies. However, it should be noted that the General Fund would need to deliver these savings before reducing its charges to the HRA. Evidence of this has started to materialise with a reduction of £1.4m for 2011/12.
- 9.3 A thorough review is currently in progress of the costs borne by the HRA with the aim of bringing a report to Cabinet in late Spring 2011 with a view to find further headroom to the £1.4m referred to in 9.2 to improve the future viability of the Council's Housing stock and the services to tenants.

10. Direct Costs

- 10.1 The HRA provides a repairs and maintenance service to tenants as part of its duty as a social landlord. The HRA has set aside a budget of £23.154m to meet its landlord duty in 2011/12. The service will continue to be provided by Enterprise Ltd in accordance with the ten year repairs contract between both parties. In recent years the HRA has set aside £3.5m for the capitalisation of revenue repairs, this will be reduced to £2.5m in 2011/12 to reflect the pressure on resources available to the Capital Programme.
- 10.2 HRA supervision and management costs will decrease by £0.668m from £29.599m to £28.931m representing a decrease of 2.3%. The decrease in supervision and management costs can be separated into the following categories:
- a) Inflation on salaries set at 0% in line with the Corporate policy;
 - b) No net inflationary increases on central recharges to the HRA although some specific changes have occurred.
 - c) Energy costs are projected to increase in 2011/12 and whilst no formal announcement has been made by energy providers, the market has seen costs rise by 7-10%.

11. Heating and Hot Water Charges

- 11.1 A heating account was set up in 2010/11 to be managed over a rolling three year period. This will enable the HRA to recover one year deficits by calculating an average charge spread over three years, thus also removing the risk of large one off increases when energy prices surge.

- 11.2 In 2009/10 heating and hot water charges remained at 2008/09 prices based on the assumption that gas and electric prices would reduce during the year. In fact prices did not materially change and so a shortfall in heating and hot water had been incurred in 2009/10. Heating and hot water charges were to increase by 13.68% or £1.26 in 2010/11 to bring the base charge in line with expenditure incurred in delivering this service. This corrected the base position for 2010/11 although did not recover the deficit in 2009/10 which would have required a further 15.53% increase. 2011/12 charges need to increase by total of 22% to recover full charges - 7% due to price increase, and 15% due to shortfall in previous year.

12 Other Implications

12.1 Risk Management

The recommendations for the revenue increases as set out in this report enable the Council to generate a surplus budget for the HRA to ensure that the ongoing process of restoring the working balance to a prudent level is achieved.

Failure to approve recommendations in this report would be detrimental to the Council' objective of maintaining a prudent working balance leaving the HRA vulnerable to significant risk from unforeseen cost implications. This in turn could potentially require a reduction in frontline services to tenants.

There is a risk that CLG will not adjust the borrowing cap which will be set as an integral part of the Council's Housing self financing settlement to come into place in April 2012 to reflect the additional £16.4 million borrowing in recommendation (iv). To mitigate this risk the Council is in negotiations with senior CLG officials to emphasise that estate renewal is central to our Housing Asset Management Strategy and the Council's regeneration plans.

The Section 151 officer and Corporate Director of Customer Services will need to assess, if there is continuing uncertainty on this matter, whether entering into this borrowing would have a prejudicial impact on the Council's HRA Business Plan.

The debt apportionment upon which the self financing regime will be predicated is based on the number of homes that are in the HRA. Given that estate renewal is central to the Council's Housing Asset Management Strategy and regeneration plans it is vital that the 2,400 flats to be decanted and demolished are discounted from the CLG calculations. Ongoing negotiations are in place with CLG officials on this issue – indications are positive that the adjustment will be made on an incremental basis as housing stock is demolished.

12.2 Contractual Issues

No specific implications

12.3 Staffing Issues

No specific implications.

12.4 Customer Impact

It is recognised that an average rent increase of £5.22 per week will impose a significant burden for many tenants. This is the direct impact of the application of the Government's proposals on Council Housing subsidies and allowances, over which the Council has no effective discretion nor flexibility.

Support and advice will be given to tenants in relation to benefit take up where appropriate. It should also be noted that the Council is accelerating the estate renewal programme which will directly benefit up to 2,400 tenants and is producing a Housing Asset Management Strategy which will include investment plans for the remainder of the housing stock. A particular priority within the strategy will be investment in measures to tackle fuel poverty which should reduce energy costs for tenants and therefore help mitigate the impact of the rent and other increases in charges.

12.5 Safeguarding Children

No specific implications.

12.6 Health Issues

No specific implications.

12.7 Crime and Disorder Issues

No specific implications.

12.8 Property / Asset Issues

This reports deals with assets belonging to the HRA.

13. Options appraisal

13.1 Rents

Rent increases are controlled through a mixture of the current Housing Subsidy System and Housing Benefit Limits. Therefore, not increasing by the proposed amount will result in an income shortfall to the – the negative subsidy payment calculation “assumes” a certain level of rents which wouldn’t be achieved if the percentage increase was lower than that proposed in this report. Conversely, increasing rents by higher amounts than that proposed will not result in additional income as this would have to be passed over to DWP.

13.2 Service Charges

The proposed increases are based on the estimate required to recover full cost of providing these services. Lower increases will result in under recovery, and a resulting increased pressure on reserves, whilst any higher increases can potentially be challenged by tenants and leaseholders.

13.3 HRA investment through borrowing

The regeneration of housing estates requires investment and it is appropriate that Council tenants and future council tenants pay for this investment rather than the general Council Tax payer. The cost of investment (via borrowing) should therefore be borne by the HRA rather than the General Fund.

14. Background Papers Used in the Preparation of the Report:

- Local Government Act 2003;
- Housing Revenue Account Manual;
- Department for Communities and Local government (CLG) 2010/11 and 2011/12 Subsidy Determinations;

- Office of the Deputy Prime Minister (ODPM) Consultation Papers on Resource Accounting and Rent Convergence;
- ODPM Consultation paper on the three year review of Rent Restructuring;
- Service Plan for Housing Services;
- Cabinet Report 2010-11 Housing Revenue Account (HRA) Estimates and Review of Rents and other Charges

15. List of appendices:

Appendix	Description
1	HRA Estimate 2011/12
2	HRA Working Balances
3	Rental Income Analysis
4	Average Rent Analysis
5	Rent Rebate Subsidy Limitation
6	Housing Subsidy Determination
7	Major Repairs Reserve
8	Rental Income Debtor Account
9	Analysis of Rent Change

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HRA ESTIMATE 2011-12				
	2010-11	2011-12	Change	%
	£000	£000	£000	Increase
INCOME				
Rents of dwellings	(72,735)	(76,625)	(3,890)	5.3%
Non dwelling rents	(2,571)	(2,565)	6	-0.2%
Charges for services and facilities	(11,807)	(11,604)	203	-1.7%
Capitalisation of Revenue Repairs	(2,500)	(2,500)	0	0.0%
TOTAL INCOME	(89,613)	(93,294)	(3,681)	4.1%
EXPENDITURE				
Repairs and maintenance	23,831	23,154	(677)	-2.8%
Supervision and management	29,435	28,926	(509)	-1.7%
Rents, rates, taxes and other charges	577	920	343	59.4%
HRA Subsidy payable	18,385	18,931	546	3.0%
Depreciation of fixed assets	14,170	14,697	527	3.7%
Increase in provision for bad debts	800	953	153	19.1%
Debt Charges	0	3,431	3,431	0.0%
TOTAL EXPENDITURE	87,198	91,012	3,814	4.4%
NET COST OF HRA SERVICES	(2,415)	(2,282)	133	-5.5%
Corporate and Democratic Core	811	811	0	0.0%
Revenue Contribution towards Capital	2,071	0	(2,071)	-100.0%
Pensions	0	80	80	0.0%
NET COST OF HRA SERVICES	467	(1,391)	(1,858)	-397.9%
Interest and investment income	(467)	(78)	389	-83.3%
DEFICIT / (SURPLUS) FOR THE YEAR	0	(1,469)	(1,469)	

APPENDIX 2

HRA WORKING BALANCE	
	2010-11 £000
Working Balance 1st April 2010	3,400
Projected Surplus/(Decifit) 2010/11	1,001
Working Balance 1st April 2011	4,401
Surplus Budget 2011/12	1,469
Working Balance 31st March 2012	5,870

APPENDIX 3

RENTAL INCOME ANALYSIS				
	2010/11 £000	2011/12 £000	Change £000	% Increase
INCOME				
Rents of dwellings	-72,735	-76,625	-3,890	5.35%
Tenant Service Charges	-7,333	-8,714	-1,381	18.83%
TOTAL INCOME (INCLUDING STOCK LOSS IMPACT)	-80,068	-85,339	-5,271	6.58%

APPENDIX 4

AVERAGE RENT ANALYSIS				
	2010/11 £000	2011/12 £000	Change £000	% Increase
AVERAGE RENT				
Average Rent	73.97	79.19	5.22	7.06%
Tenant Service Charges	7.27	7.52	0.25	3.44%
AVERAGE RENT	81.24	86.71	5.47	6.73%
Average Stock	19,279	19,125	-154	-0.80%

APPENDIX 5

RENT REBATE SUBSIDY LIMITATION	
	2011/12 £000
Average weekly Rent	79.19
Average Weekly Service Charge	7.52
Average Weekly Service Charge in respect of new services	1.83
Amount of service charges added to rent for RRSL purposes	1.14
Rental income	79,992,614
Amount of rebates	50,295,833
Proportion of of rental income rebated	0.63
Rent for RRSL purposes	80.33
CLG Limit Rent	80.92
Rent Rebate Subsidy Limitation Percentage	101%
Rent Rebate Limitation 2011/12*	£0

APPENDIX 6

HOUSING SUBSIDY DETERMINATION

	2010/11 £000	2011/12 £000	Change £000	Movement %
SUBSIDY PAYABLE				
Management Allowance	-14,852		14,852	-100.00%
Maintenance Allowance	-25,352		25,352	-100.00%
Guideline Rent	72,160		-72,160	-100.00%
	31,956	0	-31,956	-100.00%
Major Repairs Allowance	-13,969		13,969	-100.00%
Capital Financing	380		-380	-100.00%
Mortgage Interest	18		-18	-100.00%
TOTAL SUBSIDY PAYABLE	18,385	0	-18,385	-100.00%

APPENDIX 7

MAJOR REPAIRS RESERVE

	2010/11 £000	2011/12 £000
Opening Balance - 1st April	0	0
Major Repairs Allowance	-13,971	-14,697
Capital Spend on Housing Futures	13,971	14,697
Closing Balance - 31st March	0	0

RENTAL INCOME DEBTOR ACCOUNT			
	Current Debtors	Former Tenant Debtors	Total Debtors
	£000	£000	£000
Debtor Balance - 1st April 2010	2,918	2,104	5,022
Projected Increase in 2010-11	1,478	180	1,658
Debtor Balance - 31st March 2011	4,396	2,284	6,680
Projected Increase in 2011-12	2,242	189	2,431
Debtor Balance - 31st March 2012	6,638	2,473	9,111
Annual Increase in Arrears	51.00%	8.29%	36.40%
Proportion of Annual Rent Debit	8.66%	3.23%	11.89%

APPENDIX 9

ANALYSIS OF RENT CHANGE BY %	
	No of Tenants
Change: up to 4.4% - 6.99%	8,378
Between 7.00% - 7.99%	4,794
Greater than 8%	6,027
	19,199

ANALYSIS OF RENT CHANGE BY £	
	No of Tenants
Change: £2.73 - £4.99	5,325
Between £5.00 - 5.99	9,574
£6.00- 6.67	4,300
	19,199

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CABINET

15 FEBRUARY 2011

REPORT OF THE CABINET MEMBER FOR FINANCE, REVENUES AND BENEFITS

Title: Budget Framework 2011/12	For Decision
<p>Summary:</p> <p>This report sets out the</p> <ul style="list-style-type: none"> • three year Council Plan • the Medium Term Financial Strategy and a two year summary level financial model for the council, • four year capital investment programme, • detailed annual revenue estimates for revised 2010/11 and 2011/12, and • the proposed level of council tax for 2011/12 <p>Following the local elections in May 2010 the Council Plan has been reviewed.</p> <p>The financial outlook is one of significantly reduced resources (£20m) over the two year period.</p> <p>The proposed capital investment programme focuses the limited capital resources on the Council's priorities.</p> <p>The revised estimates for this financial year (2010/11) confirm the decisions made previously by Cabinet. The net revised budget is £151.7m, and the latest in-year monitoring (see concurrent report on agenda) projects a overspend of £2.7m which officers continue to work on to achieve an outturn within budget.</p> <p>The annual estimates for 2011/12 incorporate the major decisions approved in the Medium Term Financial Strategy (MTFS) last year, and reflect the significant changes made to the council's financial position arising mainly from the changes in Government funding. In summary, there has been a £12.2m reduction in the council's resources for 2011/12. Difficult decisions have had to be made to ensure that a robust budget is set which protects the core services we provide, and provides value for money to our residents. The annual budget has been set within the framework of achieving a third consecutive year of not increasing the Council Tax to be paid by residents.</p> <p>In producing the Council Plan, MTFS, capital programme and annual revenue budget the Council has been conscious of the need to focus on the core priorities. Policy led budgeting informed by Cabinet and Select Committees has informed the re-allocation of resources</p> <p>The proposed GLA precept of £309.82 per Band D property has not changed since last year. This precept figure is subject to the London Assembly approval on 23 February 2011.</p> <p>Wards Affected: All</p>	

<p>Recommendation(s)</p> <p>The Cabinet is recommended to refer to the Assembly for approval:-</p> <ul style="list-style-type: none"> (i) The Council Plan – Building a better life for all (Appendices A and B) (ii) The Medium Term Financial Strategy 2011/12-13/14 (Appendices C and D) (iii) The five year 2010/11-14/15 capital investment programme (Appendix G) (iv) A Council Tax freeze for 2011/12 as set out at Appendices L and M, subject to the final precept announcement for the Greater London Authority. (v) The budget options and budget as set out at Appendices E, J and K. (vi) The position on reserves as set out in paragraph 2.7 (vii) The Prudential Indicators for the Authority as set out in Appendix H. (viii) To delegate to the Corporate Director of Finance and Resources <ul style="list-style-type: none"> a. the responsibility to allocate initial savings targets across all services for the 2012/13 budget process to commence in April 2011 b. the allocation of Invest to Save Funds to support departments in achieving savings subject to the receipt and acceptance of a robust business case <p>The Cabinet is recommended to note</p> <ul style="list-style-type: none"> (ix) the current capital accounting arrangements and prudential indicator capital guidelines as set out in section 3; (x) To note the continuing need to identify relevant efficiency gains throughout the organisation (paragraph 9). 		
<p>Reason(s)</p> <p>Under the Council's Constitution, it is necessary for the Cabinet to refer a proposed revenue budget and Council Tax to the Assembly for approval or amendment.</p>		
<p>Comments of the Chief Financial Officer</p> <p>The setting of a robust budget and Council Tax for 2011/12 will enable the Council to provide and deliver required Council Services within its overall business and financial planning framework.</p>		
<p>Comments of the Legal Partner</p> <p>Legal comments appear in paragraph 7 of the report.</p>		
<p>Head of Service: Jonathan Bunt</p> <p>Cheryl King-McDowall</p>	<p>Title: Corporate Financial Controller</p> <p>Acting Head of Strategy and Performance</p>	<p>Contact Details: Tel: 020 8724 8427 E-mail: jonathan.bunt@lbbd.gov.uk</p> <p>Tel: 020 8227 5294 Email: cheryl.king-mcdowall@lbbd.gov.uk</p>

Cabinet Member: Councillor Geddes	Portfolio: Finance, Revenues and Benefits	Contact Details: Tel: 020 8227 2116 Email: cameron.geddes2@lbbd.gov.uk
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1. Background

- 1.1 The purpose of this report is to propose a Council Plan (which is the Vision, Policy House and Performance House, see Appendices A and B), medium term financial strategy 2011/12-13/14, capital programme 2010/11-14/15, revenue budget 2011/12 and Council Tax for 2011/12, which will be referred to Assembly for consideration on 23 February 2011. This is a legal requirement.
- 1.2 The proposals have been set against the background of the significant changes arising from both the local and general elections in May 2010, and the Comprehensive Spending Review (CSR) announced in October 2010.
- 1.3 In order to reflect these changes the Cabinet has reconsidered the priorities, and developed a vision, a 'Policy House' and a 'Performance House'. The detailed versions of these are included in Appendix B (please note that the Policy and Performance Houses are shown in narrative form here, and not in their customary A3 pictorial format. This is for administrative convenience and to make the text easier to read). In order to ensure that the Council's priorities and vision are accessible to all, a simpler more succinct version of the documents will be developed for external communications and publication on the Council's internet site.
- 1.4 The key themes of the revised priorities under a vision of 'Building a better life for all' are;

Better Together

We all want our Borough to be a place we can be proud of. Pride too in being good neighbours and in the respect we show to others. A real community, where local people have the confidence to be involved in the decisions that affect their lives, their street, their neighbourhood, their Borough. For that, people need to feel safe and to have confidence that the authorities are on their side. Building pride can't be done by the Council alone – we need to work with all our partners and with the voluntary sector and community groups to create a community everyone can take pride in.

Better Home

More people want to live in our Borough. That means we need a range of housing options, including both quality affordable/social housing and aspirational housing, for now and the future. But home is about more than just a house, and we want our streets, parks and estates to reflect people's pride in where they live. We have a vision for housing, for estates and better parks, that we want local people to share. With local residents' help we will make Barking & Dagenham somewhere where people can raise their family – knowing that their council is working hard to make the Borough somewhere they can call home.

Better Health and well-being

With the Olympics on the horizon we want our Borough to be a healthier, fitter place. Where people can get help to stop smoking, get the advice they need to lose weight and can exercise in pleasant surroundings. For the most vulnerable, and those less able, we believe in giving independence and choice – and we will continue to deliver quality social care to those who need it.

Better Future

We want a borough that believes in opportunity – one that recognises and champions success, where people can look to the future with confidence, assured that their council will do what it can to provide the educational, academic and vocational opportunities they need. A borough of rising, not falling incomes. A working borough – where business and entrepreneurship is given the help it needs. A place where hard work is rewarded and where effort and determination are encouraged.

- 1.5 Cabinet has received various reports during the last 9 months setting out the process and decision points to produce the robust budget now proposed. In addition, for the first time the Select Committees have been informed and consulted with at an early stage in the process (October – December 2010) on the proposed budget savings required to ensure a balanced budget.
- 1.6 In setting the proposed 2011/12 revenue budget and the capital investment programme officers have assessed the budget, including the unavoidable pressures facing the Authority and the costs of continuing with existing policies and practices.
- 1.7 The proposal put to the London Assembly by the Mayor was for a freeze in the Greater London Authority precept at 2010/11 levels. The Mayor's proposal is to be considered by the London Assembly on 23 February 2010. A verbal update on the final precept agreed will be made at the Assembly meeting.

2 Medium Term Financial Strategy

- 2.1 The medium term financial strategy sets out the national financial context within which the Council operates, the financial objectives which the Council wishes to achieve and the mechanisms with which it plans to achieve these objectives. The strategy is attached as Appendix C. The anticipated major changes to the costs and funding which the council may expect are then modelled using this framework. The model is produced at a detailed level for the following two year period and at a more strategic level for the following years. The major changes are categorised against;
 - statutory and economic climate issues
 - previous member decisions
 - future investment
 - to ensure robust budget
 - funding

In summary, the additional pressures/costs over the two year period 2011/12-12/13 is £14m. Funding has reduced by £20.1m over the period producing a gross Budget Gap of £34.1m. The detail for each of these is set out in Appendix D.

2.2 In particular, the major change in the council's financial position this year arises from the change in Government funding. Below is a table showing the year on year changes to Government funding.

Grant	2010/11 (adjusted) £m	2011/12 £m	2012/13 £m
Formula Grant	115.0	105.4	99.0
Specific Grants	26.4	20.1	18.7
Council Tax Freeze Grant	0	1.3	1.3
NHS Grant	0	2.4	2.3
Total	141.4	129.2	121.3
Change £m		(12.2)	(7.9)
Change %age		(8.6)	(6.1)

2.3 The Government made significant changes both to the overall level of funding to councils, and the way in which they allocated that reduced funding to individual authorities. The major changes are

- The overall level of funding for all local authorities was reduced by 32.3% over the four year period of the CSR. Local authorities were expected to have their years one and two savings front loaded in comparison with police and fire authorities. This results in a first year reduction in Government resources of 16.7%, and second year of 11% for Local Authorities.
- The CLG settlement is for two years and not four as expected per the CSR, hence, the MTFs now focuses on two years instead of three. However, to maintain prudence directorates are continuing to propose savings for year three.
- Reduction in the number of ring-fenced grants, and their deletion or roll up into the formula grant allocation methodology;
- Cessation of the Area Based Grant (ABG) arrangement;
- Creation of Early Intervention Grant and Learning Disability Grant;
- Creation of a NHS funded grant;
- Council Tax Freeze grant – a grant equivalent to a 2.5% increase in Council Tax for those councils who freeze their Council Tax;

The effect of the reductions in funding arising from reduced overall resources has in part been mitigated for this Council due to further changes which the Government has made to the way in which it allocates formula grant. In particular, the Government has reduced the proportion of grant it allocates on a per capita basis and increased the proportion allocated on a needs basis.

2.4 An analysis of the movement of the grants received by the Council is shown in Appendix F.

2.5 In order to address the budget gap, Members and officers have worked hard to identify savings options which, whilst protecting core services, enable the council to

set a robust budget. For the first year detailed savings options for the three year period of the MTFs have been identified and subject to consideration by the appropriate Select Committee. Understanding the estimated budget gaps in future years will enable departments to plan ahead to achieve savings which may take many months of preparatory work in future years.

- 2.6 At the time of writing this report, not all grants have been confirmed by the relevant Government department and therefore assumptions have had to be made that they will be received. To mitigate this risk, which totals approximately £0.5m, a central contingency is maintained but Cabinet may decide, if the grant is not received, to reduce associated expenditure.
- 2.7 Given the level of risks facing the Council, the Corporate Director of Finance & Resources is maintaining her view that the minimum level of reserves needs to remain at a minimum of £10m. Whilst the current monitoring reports indicate that the 2010/11 year end position will be below that, action plans are in place to address in year overspends and the 2011/12 budget includes a contribution to reserves of £1.5m. A level of £10m reflects approximately 5% of the net revenue budget of the authority.
- 2.8 Appendix E sets out the three year budget savings now proposed. Appendix F explains the detail behind the proposed 2011/12 savings in more detail.

3 Capital Programme

- 3.1 The Council is required to review its capital spending plans each year and set a Capital Programme. A key consideration when setting the programme is the projected level of available capital resources. The authority's Capital Strategy is an over-arching policy document which relates to investment in services. It describes how the deployment and redistribution of capital resources contributes to the achievement of corporate goals. It is updated on an annual basis and is part of the Medium Term Financial Strategy.
- 3.2 The overarching objectives for the Capital Strategy are as follows:
- Successfully deliver a capital programme which is consistent with the Council's key priorities;
 - Maximising external funding to support the delivery of the capital programme consistent with the Councils' key priorities, both from the private sector and through government grant funding; and
 - Maximising the utilisation of the Council's assets by:
 - Ensuring that all investment properties are making sufficient returns;
 - Ensuring that non-profitable investment properties and assets surplus to requirements are disposed of as efficiently as possible; and
 - Monitoring the utilisation of assets on a regular basis.

In 2010/11 economic conditions continued to be not favourable for asset disposals. Market conditions will continue to be monitored and if they improve land sales will be considered in the future.

- 3.3 The Property and Asset Management Plan is integral to the Council's future capital investment planning process. It provides essential information in determining capital

investment needs. The formulation of the 2011/12 – 2014/15 capital programme has taken account of the Council's Property and Asset Management Plan and consequently capital schemes are assessed and approved on the basis of this strategy.

- 3.4 The basis of the formulation of the revised programme for 2011/12 to 2014/15 takes account of:
 - the approved programme agreed in the 2010/11 budget;
 - any new approvals, deletions or re-profiling of schemes throughout 2010/11, and
 - identification of any capital requirements and resources for 2011/12 and beyond.
- 3.5 The identification of new or additional capital requirements for 2011/12 and beyond has been informed by submission of proposals by services based upon known need and the priorities that the council has identified in the Council Plan.
- 3.6 The new schemes proposed in this report have yet to be subject to review by the Capital Programme Monitoring Office (CPMO) and will need to achieve 5 green lights before expenditure can be incurred.
- 3.7 A variety of resources are available to local authorities to fund capital investment. The Medium Term Financial Strategy has set aside revenue funding to enable the Council to fund borrowing over the period from 2011/12 to 2014/15. The purpose of this funding is to complement other sources of funding, such as external grants, to enable the Council to deliver an ambitious capital programme that supports its objectives.
- 3.8 A second source of funding is capital receipts which arise from the sale of assets such as surplus land and the sale of council dwellings. The generation of capital receipts is currently limited due to the economic downturn, so the capital programme does not rely on generation of capital receipts for its funding.
- 3.9 A third source of funding is capital grants, or external funding, issued by Government departments and agencies, which are often allocated on a competitive bidding basis for specified purposes. Many of these require local authorities to make a financial commitment to the running costs of the schemes.
- 3.10 The capital programme contains two new bids, the provision of new school places and the Barking station interchange, totalling £14.8m of investment over the coming period all funded from external monies.
- 3.11 The major anticipated external funding is for investment in schools and the Major Repairs Allowance (MRA) to fund Housing improvements.
- 3.12 It is the Chief Financial Officer's view that this level of borrowing is prudent, affordable and sustainable. These considerations form part of an assessment that must be carried out under the Prudential Code for Capital Investment.

Capital Accounting Arrangements

3.13 The enabling legislation for the current capital regime is set out in the Local Government Act 2003 which came into force on the 1st April 2004. Since this date, authorities have been empowered with greater freedoms to borrow than under the previous system, providing they can meet the revenue costs of the borrowing and the running costs of the resultant capital scheme. The capital system provides for an integrated approach to capital investment decision making with an authority having to take account the following when setting its prudential indicators:

- Affordability;
- its asset management plans;
- the implications for external borrowing;
- Value for money through options appraisal and its strategic plans.

The aim is to bring together revenue and capital resources to meet service delivery objectives.

3.14 Prior to April 2004 the previous capital control system used in the main, the issue of annual Credit approvals by Central Government. These approvals allowed local authorities to either borrow or enter into other long-term credit arrangements up to an approved level. The use of this system effectively allowed the Government to control Council's borrowing and prevent local government from generating unsustainable levels of debt.

3.15 Instead of the use of credit approvals, the current system places reliance on a series of prudential indicators that must be determined by each local authority for the forthcoming year and the following two years. These indicators assist Council's in determining an appropriate level of borrowing and to provide benchmarks against which they can monitor their borrowing levels.

3.16 In simple terms the Council is able to borrow at whatever levels it feels are necessary so long as any borrowing is affordable, prudent and sustainable. These prudential guidelines require the Council to set out various indicators on its capital plans, investments and projected Council Tax increases.

3.17 In addition local authorities are required to pool their housing capital receipts in the following way:

	Retained by Council	Paid into National Pool
Right to Buy Receipts	25%	75%
Other Housing Receipts	50%	50%

3.18 In the previous 5 years, this has had a significant impact on the Council's financial position. Prior to 2004, all capital receipts were kept and contributed to the Council's buoyant financial position and debt free status. Post-2004, the Council's capital balances have reduced as receipts have been pooled to central government.

- 3.19 From 2011/12 onwards, the impact of pooling for the Council will be limited – due to adverse economic conditions, land sales and right to buy receipts will be limited over the coming years. However, as the market starts to improve, this impact may increase again.

Prudential Indicators

- 3.20 The prudential code for capital finance was introduced in April 2004 and is based upon a prudential system of borrowing. Under this framework, Councils have to set a series of indicators to assess whether capital investment is affordable, sustainable and prudent. In coming to this assessment, a series of “prudential indicators” need to be set. These compulsory prudential indicators are referred to in the Local Government Act 2003 and are embodied in the CIPFA Prudential Code.
- 3.21 The prudential system places reliance on a series of prudential indicators that must be determined by each local authority for the forthcoming year and the two following financial years. These indicators can be grouped into the following categories:
- Affordability;
 - Prudence;
 - Capital Expenditure;
 - External Debt;
 - Treasury Management.

Although there are five key prudential indicator headings, they should not be looked at in isolation as they all have inter-relationships with one another. The prudential indicators can be summarised as follows:

Affordability

These indicators compare the cost of all the authority’s external borrowing with its overall expenditure. They also identify the increase in both Council Tax and HRA rents that will result from any additional borrowing. The indicators for affordability are:

- Estimated/actual ratio of financing costs to net revenue stream for HRA and general fund;
- Estimates of the incremental impact of capital investment decisions on both the Council Tax and housing rents.

Prudence

This indicator is designed to ensure that medium term borrowing is only used for capital purposes. The indicators for prudence are:

- Net borrowing and Capital Financing requirement

Capital Expenditure

These indicators look at estimated and actual capital expenditure and the Capital financing requirement. The indicators for capital expenditure are:

- Estimated/actual capital financing requirement (i.e. borrowing) for HRA and general fund;
- Estimated/actual capital expenditure for HRA and general fund.

External Debt

These indicators set out the limits for external borrowing and are set in the context of the authority's Treasury Management Policy and strategy.

The indicators for external debt are:

- Authorised limit for external debt i.e. the authorised limit for borrowing plus the authorised limit for other long term liabilities;
- Operational boundary for external debt i.e. total external debt gross of investments separately identifying borrowing from other long term liabilities;
- Actual external debt as at 31 March of previous year.

Treasury Management

3.22 These indicators address treasury management issues such as the amount of debt at fixed rates, the amount at variable rates and the period over which the money is borrowed. The indicators for Treasury Management are:

- Adoption of CIPFA Code of Practice for Treasury Management in the Public Services;
- Upper limit on fixed interest rate exposure;
- Upper limit on variable interest rate exposure;
- Upper and lower limits for the maturity structure of borrowing;
- Prudential limits for principal sums invested for longer than 364 days.

3.23 The code also places specific responsibilities on the Chief Finance Officer to ensure that matters required to be considered when setting and revising prudential limits are reported to the decision making body and to ensure that appropriate monitoring and reporting arrangements are put in place to assess performance against all the forward-looking indicators.

3.24 Detailed work has been undertaken on the relevant Prudential Indicators required for the Authority in relation to the Capital programme and these are set out at Appendix H. These indicators are reported to the Cabinet as part of the budget monitoring report on a quarterly basis to reflect any changes to the programme throughout the year. Those indicators relating to treasury management are reported within the Council's Annual Treasury Management Statement.

3.25 In summary, it is the Chief Financial Officer's view that the 2011/12 to 2014/15 capital programme is prudent, sustainable and affordable.

Capital Appraisal System

3.26 The Council has in place a Capital Programme Monitoring Office (CPMO) whose purpose is to provide a programme management function for the capital programme. These functions include clear processes around programme management, project appraisal and programme assembly.

3.27 The whole process is Green Book compliant and has been recognised as good practice by both the I&DeA and the Audit Commission. As a result all proposed capital projects are appraised by the CPMO and scored in terms of:

- Strategic fit & business justifications;
- Options analysis & achievability;

- Management & delivery structure;
- Risk Analysis; and
- Financial implications

3.28 These appraisals involve a challenging process to departmental programme managers and concentrate on issues such as risks to the authority, revenue implications, deliverable benefits and measured outcomes to the community.

3.29 The appraisal process has become a cornerstone to the construction, approval and delivery of the Council's Capital plans. To ensure continuous improvement in this area the whole appraisal process is currently undergoing a review to meet all best practice guidelines.

Capital Programme 2010/11 – latest position

3.30 The Capital Programme is being managed by the Capital Programme Monitoring Office (CPMO) alongside the scheme managers in the relevant Departments. Support from the Finance Department is also provided to assist with the financial monitoring of the overall Programme.

3.31 The revised Capital Programme for 2010/11 currently totals £120m following the reprofiling as set out in the December 2010 budget monitoring report, although this includes schemes subject to appraisal. The full breakdown of the revised Capital Programme scheme by scheme for 2010/11 is shown in Appendix G.

3.32 As at the end of December 2010 £61.56m of this year's programme has been spent. This revised programme reflects the re-profiling of a number of schemes throughout the year which have previously been reported to the Cabinet. In addition to this 'physical' spend there are a great number of schemes which have commitments to spend before the year end. It is quite usual for the majority of spending on capital schemes to occur in the latter part of the year as a result of tender exercises and consultation.

Proposed Capital Budget 2011/12 to 2014/15 - new capital bids

3.33 During 2010/11 all service departments were asked to review the existing capital programme and consider their potential new capital investment requirements from 2011/12 onwards in accordance with the Council's capital investment priorities.

3.34 The current capital programme is already funding a significant number of schemes to enable the Council to deliver its priorities on behalf of local residents. Due to the current economic conditions, an affordability assessment was undertaken on potential additions to the capital programme.

3.35 Firstly, an exercise of re-prioritisation of capital schemes was undertaken, with the resources identified as available for re-direction funding a programme of New Council House Building. A report setting out this programme in detail was taken to the Executive on 19 January 2010, and this report formalises the programme into capital budgets.

3.36 Secondly, this report confirms the Council's commitment to fund the Skill Centre. The total project costs are £13.9m. Of this, a grant of £5m has been secured from

the Department for Children, Schools and Families. Other sources of funding, including Section 106 balances, have been identified which will fund a further £3m of this development. This leaves a residual balance of £5.9m. While the Council has set aside funding to cover this balance, officers will continue to seek external funding and contributions to close the gap on this development.

- 3.37 As a result of the inclusion of these additional schemes, the revised capital programme, and how it will be funded will be as follows:

	2011/12	2012/13	2013/14	Total
	£'000	£'000	£'000	£'000
Total Expenditure	121,652	37,775	13,884	173,311
Funding				
- External	84,523	32,482	13,500	130,505
- Corporate Borrowing	25,907	5,041	384	31,332
- Dept Borrowing	11,222	252	0	11,474
Total	121,652	37,775	13,884	173,311

- 3.38 Attached at Appendix G is a full list of both the existing capital programme and these new capital schemes, including details of their sources of funding.

Revenue Implications of the Capital Programme

- 3.39 The cost of funding a Capital Programme from 2011/12 to 2014/15 for this authority is twofold. Firstly, the revenue budget will have to bear the revenue costs of borrowing. Historically for each £1m borrowed, the cost to the Council has been around £80,000 per annum in financing costs. The Government has increased by 1% the interest charged by the Public Works Loans Board (PWLB) such that the average financing costs will be 9% per annum. Secondly, the revenue budget must bear the ongoing revenue costs of running and maintaining the assets that are created. All of these types of revenue implications have been factored into the revenue budget and Medium Term Financial Strategy.

4 Revised 2010/11 and New Year 2011/12 Estimates

- 4.1 The revised 2010/11 budget has been calculated based on the original 2010/11 budget approved by Assembly in February 2010, amended for approvals at Cabinet. Appendix J shows the departmental position for the revised 2010/11 budget. A concurrent report on this Cabinet agenda shows the projected outturn position against this revised budget.
- 4.2 The 2011/12 budget has been set, again starting from the 2010/11 original budget, adjusted for previously agreed decisions of the Cabinet/Assembly approved in last years MTFs, and with further changes to reflect
- the change in Government funding;
 - new statutory and economic pressures;
 - supporting the Councils proposed Capital investment programme, and
 - savings options for 2011/12

- 4.3 The departmental and corporate estimates are shown in Appendices J and K. The movement from the 2010/11 budget to that proposed for 2011/12 is set out in Appendix L.
- 4.4 The savings options reflect the requirement to reduce spend. The focus of these savings has been on reducing inefficiencies and cutting back office costs in order to protect front line services.

5 Council Tax 2011/12

- 5.1 The proposed LBB element of the Council Tax for 2011/12 is for it to remain at the current level (for Band D £1,016.40). This will maintain the Council Tax at the same level for the third year in succession.
- 5.2 The Mayor of London is also proposing a freeze in the GLA precept for 2011/12 (for Band D £309.42).
- 5.3 As part of the CSR the Government has provided a specific one-off grant to support those authorities who freeze their Council Tax in 2011/12. The additional funding from Government is £1.3m and has been included in the MTFs model above.

6 Financial Issues

- 6.1 This report deals with financial issues throughout.

7 Legal Issues

- 7.1 Local authorities are required by law to set a balanced budget for each financial year. In particular section 32 Local Government Finance Act 1992 the local authority must calculate the aggregate of—
- (a) the expenditure which the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year;
 - (b) such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year;
 - (c) the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure;
 - (d) such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for; and
 - (e) any amounts which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under subsection (5) of section 98 of the Local Government Finance Act 1988 Act and charged to a revenue account for the year, other than (in the case of an authority in England) any amounts which it estimates will be so transferred pursuant to a direction under that subsection relating to the difference between amounts in respect of community charges credited and charged to a revenue account for any earlier financial year. There are detailed rules in relation to how various headings are calculated.

7.2 The report makes clear that the current budget setting round takes place against a backdrop of significant **reductions in government funding**. In this regard the report and various appendices outlines proposed reductions or changes in services and reductions in staffing. A number of significant legal issues arise and to which members' attention is now drawn:

Public law considerations

7.2.1 Any decisions made impacting on service delivery are subject to public law considerations. The local authority is entitled to vary service provision or its policy in relation thereto but must have regard to a number of considerations in reaching a decision (which itself is open to judicial review in the courts). In particular the council must have regard to:

- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must be fulfilled or varied with agreement of current providers where relevant
- any legitimate expectations that persons already receiving a service (due to be cut) may have to either continue to receive the service or to be consulted directly before the service is withdrawn
- any rights which statute may have conferred on individuals and as a result of which the council may be bound to continue its provision. (An example is the holder of a statement of special educational needs in the education context)
- the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments
- having due regard to any consultation undertaken

7.2.2 In relation to the impact on different groups it should be noted that the Equality Act 2010 provides that a public authority must in the exercise of its functions have due regard to the need to eliminate discrimination and to advance equality of opportunity between persons who do and those who do not share a relevant 'protected characteristic'. Paragraph 8 sets out the results of the equality impact assessments which have been carried out in relation to the proposals. Members are required to have due regard to the impact on identified groups which may include consideration of alternatives to avoid or mitigate the identified effect. Due regard may also include treating disadvantaged group more favourably than others.

Staffing Reductions

7.2.3 The report at appendix E also identifies across Directorates a number of posts to be lost as part of the plan to meet the savings targets over 2011 – 2012. The appendix list includes the number of vacant posts not to be filled and posts to be made redundant. Given the numbers of proposed redundancies involved members should also be aware of the provisions of Trade Union and Labour Relations (Consolidation) Act 1992 which in this context provides that where an employer is proposing to dismiss as redundant 20 or more employees at one establishment within a period of 90 days or less, the employer shall consult about the dismissals all the representatives (such as trade unions) of persons affected. The consultation must begin in good time and in any event where the employer is proposing to dismiss 100 or more employees at least 90 days and otherwise at least 30 days before the first of the dismissals takes effect. European case law has also

confirmed that collective consultation (with trade unions) must be concluded before notices of redundancy are issued although there is no prescribed length of time for the collective consultation itself. Given the numbers proposed for redundancy then the 90 day period is engaged. The Council would also need to have individual consultation with affected staff and apply its usual organisational change procedures which includes provision to redeploy staff where possible. The timing of the statutory consultation will inevitably affect how soon savings sought from redundant posts can in fact be realised in 2011 - 2012. The council as employer is required to send background information including the reasons behind proposed redundancies to the unions to inform the consultation. The consultation itself must be about ways of avoiding the dismissals, reducing the numbers of employees to be dismissed and mitigating the consequences of the dismissals. The employer must enter into the consultation with a view to reaching agreement with the appropriate representatives (unions). While the Council is not obliged to agree with any counter proposals emerging from the trade unions in the consultation process it is required to enter into such discussions with an open mind and willingness to negotiate.

- 7.2.4 Members will also wish to note efforts being made to deliver value for money and to realise efficiencies in service delivery as well as the feedback from consultation with relevant stakeholders which informed the budget setting exercise.

Council Tax

- 7.3 The report also sets out proposed council tax for 2010/11. Section 30 Local Government Finance Act 1992 obliges local authorities to set the council tax for the forthcoming year. The amount of council tax is to be calculated by taking the aggregate of:

- (a) the amount which has been calculated for each category of dwelling by the authority as necessary for its own purposes (including any precept by a minor precepting authority) and
- (b) the amount which has been calculated for each category of dwelling by the major precepting authority as necessary for its own purposes, which has been issued to the billing authority

The council tax must be set before 11th March in the year preceding the one it relates to.

Capital program

- 7.4 No comments are made in relation to the proposed changes to the capital program

8 Other Implications

- 8.1 Risk Management – in setting the overall budget, consideration has been given all Council services and corporate budgets and reserves. The process of identifying and validating budget options has involved the identification and mitigation of relevant risks, which helps to inform and support the mitigation already planned and in place in respect of Corporate Risk 07.
- 8.2 Contractual Issues – there are no direct contractual implications arising from this report. The budget options recommended as part of this report may involve new or

amended contracts and, where appropriate, further reports will be brought to Cabinet for approval.

- 8.3 Staffing Issues – budget options recommended as part of this report may involve staffing changes. The Council will follow the appropriate agreed HR protocols and processes in implementing these changes.
- 8.4 Customer Impact – the proposed budget and budget options have been considered with customers and residents in mind. The freezing of Council Tax at last years level is designed to minimise our financial impact on our residents. The savings programme has been subject to an assessment of its equalities and diversity implications and consideration of the extent to which any adverse impacts on all customers and in particular equality groups will be minimised. This is included as Appendix I. Where potential negative impacts have been identified, in most cases these will be mitigated. However, an analysis of the cumulative impacts of the proposals has identified that, taken together, some of them have the potential to disproportionately impact on older and disabled people, and the 14-19 age group:
- Older people and disabled are more likely to have restricted income, therefore savings implemented by additional charging to users e.g. meals on wheels, equipment etc will hit these groups harder.
 - The 14-19 age group face a large number of reductions in funding / services that directly affect them. Reductions in youth funding also means a lot of preventative work could stop, which may have impacts in other areas in the future. In addition, a number of duties that LBBB previously carried out which were grant funded have had the grant now paid directly to schools. As this grant is not ring-fenced the schools can choose what this money is used for, we therefore need to stress the importance of continuing with the work. Extensive consultation with schools is needed to clarify the approach they will be taking and identify the actual impacts of shortfalls. Some savings also relate to charging schools for services that they were not previously charged for - again consultation is vital.

A large number of the savings related to back office, management and support services, as it was important to protect front line services as much as possible. However future years savings will not be able to hit these areas further without having an impact, as front line staff will need to absorb work previously carried out by support staff.

There are some positive impacts from the changes. For example the personalisation of transport could have positive impact on children with special educational needs.

- 8.5 Safeguarding Children – there are no direct property/asset issues arising from this report.
- 8.6 Health Issues – there are no direct property/asset issues arising from this report.
- 8.7 Crime and Disorder Issues – there are no direct property/asset issues arising from this report.

- 8.8 Property / Asset Issues – there are no direct property/asset issues arising from this report. The implementation of the budget options may require changes to asset holdings or the use of assets and, where required, further reports will be brought to Cabinet for approval.

9 Options appraisal

- 9.1 The budget process has considered various options around savings, pressures and invest to save and the final proposed options are included within this report.

10 Background Papers Used in the Preparation of the Report:

Select Committees reports and minutes (Oct-Nov 2010)
Cabinet Reports
Oracle Reports

11 List of appendices:

Appendix A – Vision
Appendix Bi – Policy House
Appendix Bii – Performance House
Appendix C – MTFS Document
Appendix D – MTFS Detail
Appendix E – Summary of Savings Options
Appendix F – Analysis of grant movements
Appendix G – 5 Year Capital Programme 2010/11 to 2014/15
Appendix H – Prudential Indicators
Appendix I – Global Equalities Impact Assessment of Savings Options
Appendix J – Summary of Revenue Budget by Department 2010/11 and 2011/12
Appendix K – Summary of Revenue Budget – Analysis of Gross Expenditure and Income
Appendix L – Calculation of Proposed Council Tax 2011/12
Appendix M – Statutory Budgetary Determination 2011/12

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OUR VISION

Introduction

Message from the Leader of the Council Cllr Liam Smith

We are all aware that over the next few years we will face some tough challenges as an organisation. With public finances being squeezed by the Government and a new focus on how we deliver our services through the Localism Bill, it is essential that we look at how we work and what our priorities are to be over the next few years.

Looking over the last year, and looking over the next few years, I do see some fantastic opportunities for us as a borough to lead the way for not only our employees but also the residents across every ward.

That is why we have worked hard to set forth a plan that will deliver a more prosperous life for people from every social and economic background.

We are moving forward with our estate renewal plans, ensuring that some of our most vulnerable citizens are able to have a place to live that they deserve, we will keep Council Tax frozen again, continue our highways investment, lobby the government for more funding to set the right conditions to create jobs, ensure our school results keep improving, open a new skills centre, and continue to invest in our public realm.

Excitingly, because of the dedication shown by so many of our staff, we are now firmly part of the Olympics, giving everyone a real reason for optimism about 2012.

It is important as an organisation that we pull together during tough times, because that will help us create a long lasting legacy. With the appointment of our new Chief Executive, Stella Manzie, we have an outstanding professional who I believe will help us deliver on our priorities and challenge us to work in new ways.

Our local people deserve to be able to fulfil some of their aspirations, and even during tough times I am committed to making that happen.

MESSAGE FROM OUR CHIEF EXECUTIVE

Our vision for the Borough is *Building a Better Life for All* with the key aims of raising household incomes; school and post-16 education; and housing and estate renewal.

Members redefined the policy priorities of the Council (Policy House) and through the policy-led budgeting exercise, reallocated resources to priorities. This has helped us set a balanced budget for 2011/12 but there is still more to do.

The Council made £20m savings in 2010/11. Public sector finances will continue to be tight. The reduction in the amount of money available to us comes at a time when our community's needs are becoming more complex and our population is growing faster than in other areas.

The challenge for the Council is so great that the old methods of making savings will not be enough. We have to think very differently about how we continue to deliver services on behalf of our community with much less money.

We have no option but to re-prioritise and to look at innovative ways to save money while still protecting frontline services. That will mean hard choices in the next three years.

We are though, ahead of the game. Through our Joint Venture partnership with Agilysis, we will save about £70m over seven years and our determination to review our services and reduce costs while improving quality will help us save much more.

Agilysis won the contract to work with the Council in a jointly owned business (joint venture) from 1 December, Elevate East London LLP (Elevate), to deliver council services in a new way - in a ground-breaking move which will deliver improved customer service, better value for money, and significant savings to council taxpayers.

We have already frozen all council salaries for the next two years - apart for staff paid less than £21,000 per year. We have reviewed interim and consultancy contracts and brought in a third staff voluntary severance/early retirement scheme to minimise the need for compulsory redundancies. We have remodelled Council support services with a smaller corporate core.

Our approach to modernisation and transformation has not changed. We developed a Transformation Roadmap which will help identify where investment can make significant budget savings and improve service delivery; are reducing the costs of our accommodation; and looking at sharing services with other Boroughs and Partners.

The Decentralisation and Localism Bill may change the ways in which services are delivered in Barking and Dagenham. It is likely to provide new freedoms and flexibilities; new rights and powers for communities and individuals; reform to make the planning system more democratic and effective; and reform to ensure that decisions about housing are taken locally.

The Government's current health reforms are one of the biggest changes since the NHS was founded over sixty years ago. They mean that the Council will become more central to the local health care system, take on responsibility for public health and have a bigger role in shaping local health services. We are starting to implement these changes which take effect in full from 1 April 2013.

The People Strategy sets out the actions we will take to ensure that we have the right organisational style (a way of doing things) to meet all these challenges well. The focus is on:

- Workforce planning – having the right people with the right skills
- Performance management and reward – rewarding good performance, addressing poor performance
- Well-being – creating a working environment where people can be productive
- Management development – ensuring our leaders and managers are equipped to fulfil their roles

- Employee engagement – keeping our people informed and making them feel part of the future.

We want to be an organisation which encourages innovation and considered risk taking, where talent is developed and nurtured and people are treated fairly and with respect.

Stella Manzie is the new Chief Executive of the Council. She has a wealth of experience that she brings to the role and she is a significant addition to our management team. Stella is very excited about her appointment and sees this role as one of the most exciting and demanding in local government. She is looking forward to working closely with councillors, staff, local residents and all our partners. I am extremely happy to welcome her here.

Building a Better Life for All

1. Our Vision for the Borough

Our vision for the Borough is *Building a Better Life for All* with the key aims of:

- Raising household incomes
- School and post-16 education
- Housing and estate renewal

The priority themes of the Council as shown in the “Policy House” are:

- Better together
- Better homes
- Better health and well-being
- Better future

We developed the “Policy House” to show how our priorities, policies and strategies fit together, and to make clear what is important to the Council and to the Borough.

2. The Way we will Work

We **will put the customer at the heart of what we do**. To ensure we can meet customer needs we need a well run organisation that is:

- Understanding and responds to its customers and citizens, and supports people to help themselves and their community
- Innovative, leaner, and more efficient with lower support costs and lower costs of assets
- Using technology to modernise working practices and open up new opportunities for sharing information and communicating better
- Taking opportunities for sharing costs, minimising waste, and maximising external funding
- Well managed with a well developed and motivated workforce
- Respected with a good reputation for “doing business”
- Delivering its statutory duties in the most practical and cost-effective way.

To be successful though we also have to work together in the right way. Our values set out how we work together as one team to provide excellent services. They are:

- Putting our customers first
- Taking responsibility
- Treating each other fairly and respectfully
- Working together as one team
- Achieving

excellence

3. Transformation and Modernisation

3.1 Through Partnerships and External Working

We will have to become a different organisation, re-shaped to deliver our priorities with far fewer resources. This will help us to take a fresh look at the way community needs can be better met, by bringing together public agency budgets and resources in an area.

We will become an organisation that commissions services, delivered through a mixed economy, some in-house, some by partners and other service providers, and some in the community. There will be more sharing of services and partnerships with other providers. We will manage the delivery of all services through a strong outcome based model and a value for money framework.

We will focus on continually improving how we deliver services, so we can do more with less, and in new and different ways.

3.2 'Our Approach' to Transformation

Our approach is to use customer and management information to drive business planning based on residents & service users' needs; embrace the opportunities that the internet and growing web services provides for our community; use flexible and modern communications methods to ensure staff can share ideas across traditional service lines and support each other in problem solving. Our approach underpins the transformation and modernisation of the Council.

The transformation roadmap that has been developed captures all current and intended transformational activity across the organisation. It helps understand where to focus and gives a broad indication of timescales and resources required. Transformation will be managed through a Transformation Board, which will provide the gateway to access corporate resources (investment cash or people or support).

3.3 Principles of 'Our Approach'

'Our Approach' to business transformation and for improving efficiency using a customer contact approach (the customer can be external or internal) is based on the following principles.

1. Policy/Democratic engagement/Local Strategic Partnership

This is our Policy House, the overall policies and plans that guide our decisions and actions. Our policies and plans were developed with other organisations and the public where appropriate.

2. Strategic, knowledge based commissioning

Strategic commissioning is about putting the right services in place to deliver local needs, making the best use of available resources. It involves a knowledge based

analysis of the needs of users, and setting up contracting arrangements for value for money services from a variety of sources (Council directorates and elsewhere in the public, private and voluntary sectors).

3. Finance, asset and resource management

We will make best use of the funding and resources that we have, and be a well run organisation with innovative, leaner, and more efficient services. We will take opportunities for sharing costs, and ensure that our style (the way that we work) really supports transformation.

4. Fit for purpose professional advice

Our support services (ICT, HR, finance, facilities management etc) will in turn put their customers *at the heart of what* they do, and provide advice that front-line services need to be effective. We will have lower support costs, lower costs of assets and use the appropriate technology to manage customer contact.

5. Needs based services – driven by intelligence based policy

We will learn about, learn from and understand what our internal and external customers need, and make sure that our policy guidance sets this out clearly. Our improved customer relationships will be supported by timely, meaningful standards and service level agreements, so that service levels and costs are clear.

6. Focus on joined-up, personalised delivery – in house or managed

Our services will be joined-up personalised and designed around life events. We will learn from our mistakes and become more coordinated in the way we deliver these services, Our strap line for customer service focussed service design is 'Own it, fix it, learn from it'.

7. Ease of access, lower cost channels, end to end experience

Our services will be accessible to all customers, who only need contact us once. We will encourage customers to use less expensive and more efficient ways of getting what they need from us, and increase the level and volume of internet self-service and phone based access via B&D Direct for basic services and enquiries.

Face to face services will be accessed by the most appropriate service centre – Children's Centres, Library etc, and the OSS provides access to appointments and bookings, handling documents and access to web based and phone based information for those in person.

4. Our People Strategy

If the transformation of the Council is to be successful and we are to deliver excellent services, then we need an organisational style which truly reflects our values and our focus on improving value for money and services to customers.

The People Strategy sets out the actions we will take to ensure that we have the right organisational style. The focus of those actions is on:

- Workforce planning – having the right people with the right skills
- Performance management and reward – rewarding good performance, addressing poor performance
- Well-being – creating a working environment where people can be productive
- Management development – ensuring our leaders and managers are equipped to fulfil their roles
- Employee engagement – keeping our people informed and making them feel part of the future.

We must engage our staff in the process of transformation. To do this, we need to redefine our “employer brand”: what we stand for as an employer and what we can offer the people who work here.

We want to be an organisation which encourages innovation and considered risk taking, where talent is developed and nurtured and people are treated fairly and with respect.

What this means in practice is that we commit to:

- Enabling staff to be customer service focussed
- Encouraging people to be innovative, we accept we sometimes fail and we learn when things go wrong and celebrate where they go right
- Ensuring people know how to maximise technology and business systems
- Giving opportunities to people to maximise their potential
- Building a healthy, resilient and diverse organisation
- Focusing on efficiency, capacity and performance to maximise productivity
- Providing inspiring leadership and effective management to build employee engagement and motivation
- Being flexible in the way we employ staff and the way that they work to meet customer needs
- Building a true sense of partnership with our people.

5. Our Directorate and Divisional Plans

Our **Policy House** in *Building a better life for all* shows our key themes, our priority outcomes, and our Members’ Priorities 2010. Our **Performance House** shows the top level performance indicators that we will use to track our progress in delivering these outcomes. Both are shown overleaf.

These Policy and Performance Houses drive and inform directorate business plans which contain more detailed action, performance indicators, measures and targets.

These business plans will drive and inform team plans, and in turn your work plan. Your work plan will show what you have to do, to what standard, and by when to help us deliver our priorities and outcomes, for our communities in Barking and Dagenham.

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Policy House - Building a better life for all

This document is a 12 font narrative version of our A3 Policy House diagram.

Our vision for the Borough is *Building a Better Life for All* with the key aims of:

- Raising household incomes
- School and post-16 education
- Housing and estate renewal

The priority themes of the Council as shown in the “Policy House” are:

- Better together
- Better homes
- Better health and well-being
- Better future

We developed the “Policy House” to show how our priorities, policies and strategies fit together, and to make clear what is important to the Council and to the Borough.

BETTER TOGETHER

Theme

We all want our borough to be a place we can be proud of. Pride too in being good neighbours and in the respect we show to others. A real community, where local people have the confidence to be involved in the decisions that affect their lives, their street, their neighbourhood, their Borough. For that, people need to feel safe and to have confidence that the authorities are on their side. Building pride can't be done by the Council alone – we need to work with all our partners and with the voluntary sector and community groups to create a community everyone can take pride in.

Outcomes

- A borough in which people are proud and satisfied to live and work.
- A borough with low levels of anti-social behaviour, and where authorities support residents in getting problems solved.
- A borough where people feel safe in their neighbourhoods and town centres.
- A borough where people get involved – and feel included – in the decisions that affect them.
- A borough with a range of positive activities for young people.
- A borough with a thriving voluntary sector.
- A borough that safeguards children, young people and vulnerable adults.
- A borough where local people come together to make it a better place.

Every Child Matters: Stay Safe, Make a Positive Contribution.

The Seven Principles of the Department of Health's Vision for Adult Social Care

Members' Priorities 2010

- Encourage schools to allow people who live nearby use of their facilities during evenings and at weekends
- Use all our powers to crack down on anti-social council tenants
- Keep youths off the streets by providing more positive things for young people to do
- Continue to hold one of England's largest St George's Day celebrations and celebrate other community events every year
- Bring zero tolerance on anti social behaviour like spitting, littering, dog fouling and louts
- Install more CCTV cameras
- Make sure local people have a full say on all new developments

BETTER HOME

Theme

More people want to live in our borough. That means we need a range of housing options, including both quality affordable/social housing and aspirational housing, for now and the future. But home is about more than just a house, and we want our streets, parks and estates to reflect people's pride in where they live. We have a vision for housing, for estates and better parks, that we want local people to share. With local residents' help we will make Barking & Dagenham somewhere where people can raise their family – knowing that their Council is working hard to make the Borough somewhere they can call home.

Outcomes

- A borough with more affordable housing for local residents, with a particular focus on family-sized houses.
- A borough with improved estates and homes that people choose to live in, whether owned by the Council, other social landlords, privately rented or owned.
- A clean borough, with low levels of litter and graffiti and where residents look after their own homes and gardens.
- A borough with good quality transport, including public transport, roads and footpaths.
- A borough with excellent parks, play and cultural facilities.
- A borough with a safe home for every child.

The Seven Principles of the Department of Health's Vision for Adult Social Care

Members' Priorities 2010

- Smarten up local shopping parades
- Continue to build new council houses for local people
- Buy empty properties and put them back into council house stock
- Extend the Eyesore Gardens campaign to whole borough, include shop fronts
- Continue to protect weekly waste collections
- Introduce a Landlords charter to force landlords to act responsibly
- Provide lots of things for young people during summer holidays

- Continue our road and footpaths investment programme
- Build a play area in all of the Borough's parks
- Push for the kind of developments at Dagenham Dock and Riverside that local people want and need
- Fight for access to Thames waterfront so local people can make the most of it

BETTER HEALTH & WELL-BEING

Theme

With the Olympics on the horizon we want our Borough to be a healthier, fitter place. Where people can get help to stop smoking, get the advice they need to lose weight and can exercise in pleasant surroundings. For the most vulnerable, and those less able, we believe in giving independence and choice – and we will continue to deliver quality social care to those who need it.

Outcomes

- A borough where people's health and fitness are improving, with fewer smokers, with more people taking exercise and where people take better care of their diet.
- A borough with excellent leisure and health facilities, in which people can exercise, play and relax.
- A borough with high quality social care services for those that need them.
- A borough where people with care needs are helped to live the life they want, with real choices about their lives and care.
- A borough which meets the needs of disabled children, young people and adults are met.

Every Child Matters: Be Healthy

The Seven Principles of the Department of Health's Vision for Adult Social Care

Members' Priorities 2010

- Ensure every child can swim
- Champion older people's local facilities and their use by local older people
- Help our most vulnerable pensioners to keep their independence by looking after them in their own homes
- Continue to campaign for a community hospital in Dagenham

BETTER FUTURE

Theme

We want a borough that believes in opportunity – one that recognises and champions success, where people can look to the future with confidence, assured that their council will do what it can to provide the educational, academic and vocational opportunities they need. A borough of rising, not falling incomes. A working borough – where business and entrepreneurship is given the help it needs. A place where hard work is rewarded and where effort and determination are encouraged.

Outcomes

- A borough with excellent schools, constantly improving and which are growing to meet the demands for pupil places.
- A borough with excellent – and improving – attainment through education and training.
- A borough of rising incomes.
- A borough that is great for doing business in, and where businesses are supported to thrive.
- A borough that reduces its waste and CO₂ emissions.

Every Child Matters: Enjoy & Achieve; Achieve Economic Well-being
The Seven Principles of the Department of Health's Vision for Adult Social Care

Members' Priorities 2010

- Invest £270 million in local secondary schools
- Create more Council apprenticeships
- Keep council tax levels down so they are lower than Havering and Redbridge
- Support local businesses by encouraging people to buy locally
- Champion and reward achievement by local school pupils
- Set up a small business task force to help people start their own business
- Fight for access to the Thames waterfront in the borough

All outcomes will be delivered by A WELL RUN ORGANISATION THAT IS

- Understanding and responds to its customers and citizens, and supports people to help themselves and their community
- Innovative, leaner, and more efficient with lower support costs and lower costs of assets
- Using technology to modernise working practices and open up new opportunities for sharing information and communicating better
- Taking opportunities for sharing costs, minimising waste, and maximising external funding
- Well managed with a well developed and motivated workforce
- Respected with a good reputation for "doing business"
- Delivering its statutory duties in the most practical and cost-effective way.

To be successful though we also have to work together in the right way. Our values set out how we work together as one team to provide excellent services. They are:

- Putting our customers first
- Taking responsibility
- Treating each other fairly and respectfully
- Working together as one team
- Achieving excellence

BETTER TOGETHER		BETTER HOME		BETTER HEALTH & WB		BETTER FUTURE			
1. Percentage of people from different backgrounds who get on well together 2. Civic participation in the local area 3. Percentage of people who feel they can influence decisions in their locality 4. Participation in regular volunteering 5. Number of most serious violent crimes per 1,000 population 6. Number of recorded serious acquisitive crimes per 1,000 population 7. Perceptions of anti-social behaviour 8. Percentage of initial assessments for children’s social care carried out within 10 working days 9. Percentage of core assessments for children’s social care carried out within 35 working days 10. The number of reported hate incidents 11. Repeat incidents of domestic violence 12. Percentage of people who feel safe in their area		13. Number of affordable homes delivered 14. Percentage of non-decent council homes 15. Percentage of non-decent private sector homes 16. Private sector properties brought back in to use 17. Housing VOIDS 18. Improved street and environmental cleanliness 19. Satisfaction with the council as a landlord 20. Percentage of vulnerable client groups in settled accommodation 21. Percentage of homes built for life 22. Reductions in referrals to Social Care		23. Participation in sport and active recreation (all ages) 24. Percentage of children in Year 6 who are obese 25. Social care clients receiving self-directed support 26. Teenage pregnancy rate 27. Under 75 circulatory diseases mortality rate 28. 16+ smoking quitters 29. People supported to live independently through social services (all ages) 30. Incidence of STIs 31. Health and Wellbeing measures		32. Children achieving national standards at all Key Stages 33. Overall employment rate 34. Permanent exclusions from schools 35. Working age population qualified to at least Level 2 or higher 36. New business registration rate 37. The average weekly income 38. The proportion of children living in poverty 39. The number of apprentices employed by the local authority 40. Residual household waste per household 41. Percentage of household waste recycled and composted 42. Percentage of vulnerable client groups in employment 43. 16 to 18 year olds who are not in education, training or employment (NEET) 44. Growth in credit union 45. The duty to provide sufficient affordable childcare			
Improve Value for Money across all services		Improve the customer experience		Make better use of our resources and assets		Maintain appropriate standards of Governance		Develop a highly effective, motivated workforce	
Level of reserves; Overspend; Budget gap; Percentage of invoices paid on time; Council tax collection rate; Housing rent collection rate; JV Key PIs		Overall customer satisfaction; Response rates to complaints; % of calls answered in 20 seconds; Customer responsiveness – letters, emails and telephone calls; ICT availability of core applications; JV Key PIs		Energy consumption Council buildings; No.employees per m ² ; Underspend on capital projects; Total property costs (occupancy, operational and management) per m ² ; % local people employed by the Council; JV Key PIs		Corporate risks; Outstanding audit recommendations; Member development; Percentage of governing bodies judged good or better; JV Key PIs (Procurement)		Total no.staff /Agency; Sickness/ Long term; Accidents/ Grievances /Disciplinary; Staff development & training; % women, BME & disabled staff in mgt posts; Appraisals completed; % schools teaching judged good or better	

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The Medium Term Financial Strategy (MTFS)

Introduction

Message from Tracie Evans, Corporate Director of Finance & Resources

We in the Council have begun to understand the impact of managing our resources in an unprecedented era of income reductions and changes to the legislation that affects what our Council does. The reduction in the amount of money available to us comes at a time when inflation is rising and the things we buy as a Council are getting more expensive. It is also a time when our community's needs are becoming more complex and our population is growing faster than in other areas..

The announcement of an emergency national budget by the new government in June 2010 to start dealing with the national debt crisis brought home the immediate impact of these economic changes resulting in an in-year reduction in our resources of £5.5m on top of the £14m of savings already in the 2010/11 budget. The Council's financial plans for last year (2010/11) anticipated that resources available to it would reduce. We expected an overall reduction in Government resources of £44m (28%) over the three year period (2010 - 2013).

The Government announced it's National "Spending Review" (SR) in October 2010 and then issued detailed allocations of grant for 2 years (2011 – 13) in December 2010. Our financial analysis now shows the Council is actually facing reduced resources of £20.2m (13.7%) over 2 year period, including reductions on Formula Grant, Specific Grant and Area Based Grant.

The Government have stated that they are going to radically change the way that Local Government is funded from 2013/14. Our funding is currently based on a very complicated model using the number of residents in the borough and an assessment of their level of need. At this point in time, I have no mechanisms to make assumptions about what our funding levels will be past 2012/13. This MTFS therefore can only be certain about the figures stated for 2011/12 and 2012/13.

The fact is that we will have to spend significantly less than last year to balance our books. The challenge is so great that the old methods of making savings will not be enough. Using the same thinking to solve our problems as we have done in the past will mean we will end up with the same problems. We have to start thinking very differently about how we continue to deliver services on behalf of our community with much less money.

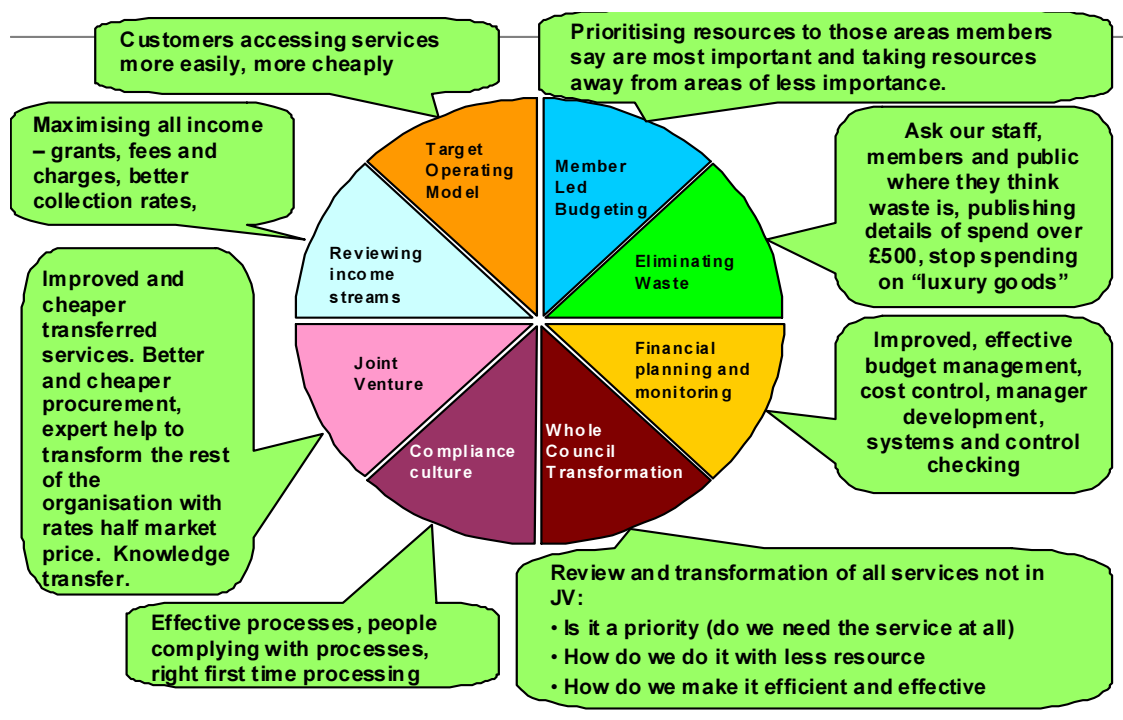
The Council has no choice about how much money it is given to manage its services. It does however have the ability to choose how it spends its money. This MTFS lays down the principles by which this Council intends not only to manage its resources through these very tough times but also how the

Council will ensure that every penny the Council spends will be to deliver services that our community believe are valuable to them.

Financial Objectives

The financial objectives for the Council are:

- A balanced budget;
- Budget decisions based on Council priorities (policy led budgeting);
- An organisational culture that asks all employees, partners and contractors to “treat every pound spent as though it is the last pound in your purse”;
- Managers who are responsible and accountable for their budgets;
- Robust levels of reserves and contingencies;
- Strong financial systems and processes;
- Investments to improve services and maintain assets ;
- Income maximisation;
- Continued efficiency and value for money



The budget – how it is developed

Members and officers have worked to redefine the policy priorities of the Council, referred to as the Policy House. The policies and strategies have been shaped around these priorities, and through the policy-led budgeting exercise, identified a series of savings options and reallocated resources to priorities.

Our vision for the borough is *Building a better life for all*, with the key aims of: raising household incomes; school and post-16 education; and housing and estate renewal.

The priority themes of the Council as shown in the “Policy House” are:

- Better together
- Better homes
- Better health and well-being
- Better future

We **will put the customer at the heart of what we do** and meet their needs through a well run organisation. Our values set out how we work together as one team to provide excellent services.

Our **Policy House** in *Building a better life for all* shows our key themes, our priority outcomes, and Members’ priorities 2010. Our **Performance House** shows the top level performance indicators that we will use to track our progress in delivering these outcomes.

Our vision, Policy House and Performance House drive and inform directorate business plans which contain more detailed actions, performance indicators, measures and targets; this will in turn drive the objective setting process for staff so there is a clear **Golden thread**

As part of developing the budget, the draft proposals were submitted to the Council’s Select Committees between October and December as part of raising the awareness of the options the Council was considering. All meetings were open to and attended by members of the public with all papers made available in advance of the session. The feedback from this series of meetings resulted in some proposals being amended or removed from the final budget.

The budget – what are the numbers

The actual summary budget figures for the next 2 years are;

	2011/12 £000	2012/13 £000
Total additional costs	12,447	8,650
Total reduction in income	16,143	7,900
Departmental savings	(25,590)	(6,187)
Corporate savings	(3,000)	(4,000)
Budget gap	0	6,363

An enormous amount of work has been carried out to plan for reductions in our budgets. These are known as savings and have been scrutinised by the Council’s Select Committees. A summary of these savings can be found attached at **Appendix E**

Capital Strategy

The impact of reduced budgets on ability of the Council to invest in its assets is severe. The Council is responsible for;

- Ensuring every child has access to a school place. This means building new schools.
- Ensuring that housing is available. This means maintaining and building houses
- Maintaining its roads
- Maintaining the buildings it owns to deliver services
- Updating ICT

There are a number of sources available to fund capital expenditure however these sources have all reduced significantly and there are huge uncertainties around funding normally allocated by the government.

	Funding Source	Impact of budget reductions
1	Capital grants from government	Reduced significantly
2	Planning gains (from new private developments)	Private developments have reduced through recession
3	Disposals of owned assets	Recession has reduced value therefore sales not of value
4	Borrowing	Are able to borrow but need revenue budgets to pay for borrowing costs which were raised in the spending review.

The environment for investing in assets has changed significantly and in order for the Council to continue to deliver appropriate and affordable services, it will need to completely reconsider its Capital Strategy.

On this basis, the budget for 2011/12 includes only a small amount of capital funds in order to carry our legislative maintenance on its assets and schemes that are wholly externally funded. During 2011, the Council will reconsider its capital needs and produce a new Capital Strategy for 2012/13 onwards.

Appendix G shows the end of the current capital programme.

How grant income has changed

As part of the spending review, the funding of local authorities has been significantly affected with the majority of specific grants and area based grants either cut completely or rolled into formula grant or other new consolidated grants which were subsequently significantly cut. **Appendix F** shows the analysis of Grant Changes

Links to other strategies

People Strategy

For the transformation of the council to be successful and to deliver excellent services, then the Council needs an organisational style which truly reflects its values and focus on improving value for money and services to customers. It also needs to maximise the productivity of the workforce to enable the priorities of the Council to be achieved, but within a much reduced resource base.

The People Strategy sets out the actions to be taken to support the transformation of the council and the embedding of a style that enables achieving more with less. The focus of those actions is on:

- Workforce planning – having the right people with the right skills
- Performance management and reward – rewarding good performance, addressing poor performance
- Well-being – creating a working environment where people can be productive
- Management development – ensuring leaders and managers are equipped to fulfil their roles
- Employee engagement – keeping people informed and making them feel part of the future.

The People Strategy therefore supports the delivery of the overall MTFS. There are a range of performance indicators within the Strategy (relating to sickness absence and engagement for example), through which the Council will monitor its success and will adapt the strategy as the organisation continues to change.

Treasury Management Strategy

A strong treasury management strategy and associated practices enables the Council to maximise investment income and cashflow, which underpins the delivery of the Medium Term Financial Strategy.

The Council's target return on investments for 2011/12 is 1.5%, which is a challenging (given current base rates) but achievable target that will be met through a combination of in-house and external fund management.

Security of our assets is also an important consideration. It is the Council's strategy not to invest internal funds in non-UK institutions. External fund managers have the flexibility to invest in non-UK institutions within the restrictions of the Council's policy on credit limits.

Property Assets Strategy

The Council's assets and property strategy is fundamental as it underpins the Medium Term Financial Strategy. Efficient and effective use of asset space enables the Council to reduce costs in this area.

The Council is developing a centralised property holding account for 2010/11 to ensure the efficient running of the corporate estate. The first Property Asset Strategy and Property Asset Plan was submitted to Cabinet in 2009 and will be refreshed on an annual basis.

Highlights of the current plan include:

- Reduction in administrative buildings from 23 to 6, with further savings perhaps possible as a result of the Strategic Partnering programme
- Reduction in operational estate through a number of strategies:
 - Co-location of services both within Council and with partners
 - Transfer of assets to community ownership
 - Withdrawal from surplus assets
- Review of the investment portfolio to identify non-performing properties, and to optimise returns on investment
- Improvement in property intelligence
- Reduction in energy bills

Procurement Strategy

The Council's approach to procurement and contracting rules are set out in the Council Constitution. The purpose of these rules and regulations is to ensure that regulatory and legal requirements are met, but also that value for money is achieved through contracting activity. This in turn supports the Medium Term Financial Strategy.

The Corporate Procurement function has been included in the Joint Venture. The additional investment and capacity which will be available to this is expected to generate significant procurement savings for the council over the life of the Joint Venture and will enable the Council to balance the budget.

Risk Management Strategy

The Medium Term Financial Strategy has been informed by an analysis of budget risks discussed through engagement with the Corporate Management Team, Heads of Service and through workshops and discussions with key support officers in departmental finance and policy/performance teams.

The Council's risk management strategy and associated processes enables the identification of and prioritisation of key financial risks and the cost of the management of the controls which feed into the Medium Term Financial Strategy.

Housing Revenue Account (HRA)

The future of the Housing Revenue Account is a huge strategic issue for the organisation. It is clear that, due to current subsidy arrangements, the HRA is unlikely to be viable beyond 2010/11. There are a number of options to pursue to enable the organisation to continue to meet its aspirations for local housing beyond that point, which at this stage are still being developed.

The detailed budget for the Housing Revenue Account is included in the HRA Rents report which will be approved with the Council budget.

The Capital Programme for 2011/12 to 2014/15 includes the Decent Homes programme which is funded from a combination of internal resources and Major Repairs Allowance funding from central government.

Council Reserves and Contingency

Robust levels of reserves

The MTFs also sets the strategy around Council reserves and contingencies.

It is the responsibility of the section 151 officer to determine an appropriate and prudent level of reserves for the organisation. The target level of general reserves will be £10m. The current level of reserves is below this level, but provision has been made in the budget model to replenish reserves by £1.5m in 2011/12 to ensure that this level is realised in 2011/12.

The budget model also provides for £1m contribution to a centrally maintained "Invest to Save" fund. This funding will be available on a business case basis and will be used to support and encourage innovation and projects to improve the cost effectiveness of services that the organisation provides to residents.

Contingency and longer term budget planning

The budget also includes a sum for contingency. For 2010/11 a significant increase was included in contingency to recognise a number of risks the organisation was facing. During 2010/11 one-off funding to assist these functions was approved by Cabinet. For 2011/12 the level of contingency has been reduced to £2.8m which in the opinion of the Corporate Director of Finance and Resources provides sufficient capacity to meet unforeseen items. However, these continue to be on-going and longer term budget planning issues as follows

Children's Services :

- Children's placements, where small increases in demand lead to potentially large increases in expenditure; and
- Costs associated with transport for SEN children, where expenditure is based on the demand for the service.

Adult's Services :

- The costs associated with the personalisation agenda. The principle that the Council is working to is that moving clients from one form of support to a personal budget will be cost neutral. However, there is a risk that the publicity around the expansion of personal budgets will lead to an increase in demand.

Customer Services :

- Risks around the future of the Housing Revenue Account – the current Housing Subsidy system is such that in 2 to 3 years time, the HRA will be financially unsustainable due to the amount of rent that the Council will have to hand back to the government. Any alternative model of

housing provision in the borough could have significant financial implications for the Council;

- Risks around landfill taxes and the need to increase recycling rates; and
- The implementation of improved customer contact services across the organisation offers the Council huge potential savings by enabling residents to access more services on-line or through channels that are cheaper for the Council to run. These transitions need to be well managed to ensure continued high customer satisfaction alongside cost savings for the Council Taxpayer.

Finance and Resources :

- The Council needs to ensure that it is reducing its energy consumption, both to deliver against the green/carbon reduction agenda and also to reduce costs for running operational buildings; and
- Related to this, reductions in carbon emissions are important to mitigate against future costs associated with the government's carbon reduction commitment.

Sensitivity analysis

This central contingency amount will be used to take account of key risks and sensitivities in the budget. Full details and analysis of sensitivities in the budgets, particularly relating to demand led costs, are detailed in the table below:

Total budget	Assessment of risk	Possible Implications	Mitigating actions
Adults Services - Personalisation £16m	Risk of 5% increase in demand	£800,000	Personal budgets cost neutral on case by case basis
Children's Services - Children's Placements £13m	Risk of 5% increase in demand	£650,000	Invest to save for adoption and fostering
Customer Services - Landfill charging n/a	Impact currently increasing due to tighter regulation		Increased recycling
Resources/Finance - Energy costs £7m	Risk of 10% increase in prices or demand	£700,000	Energy efficiency programme - Carbon trading £nil Currently low risk in terms of financial implications

			but increasing in future years
Resources/Finance - Changes in interest rates £1m income	Lower risk given low interest rates	£200,000	Good treasury management

Budget Discipline and Forecasting and Sound Governance

Budget discipline:

The MTFs needs to be underpinned by improved budget discipline and forecasting. Budget discipline is critical – the Council has to ensure it balances its budget without taking funding from reserves; otherwise the longer term strategy has to be fundamentally reviewed on an annual basis.

Forecasting is also critical; otherwise assumptions around future risks or investment needs have to be updated every year, which defeats the object of longer term planning.

The Council has undertaken the annual review of budgets across the organisation in preparation for the 2011/12 financial year. All staffing establishments have been costed, supplies budgets reviewed to ensure all contracts are funded and an assessment of income targets completed to ensure these are realistic. This is a vital piece of work to ensure that our base budgets are robust and that expenditure can be delivered on budget for 2011/12.

Budgetary control and sound governance

The Council is committed to maintaining a system of sound financial control, specifically to make sure that:

- Adequate budget monitoring arrangements are in place for services and projects;
- Sound control and reconciliation procedures are in place for all financial systems;
- Collection and recovery of income due to the Council is maximised;
- Compliance takes place with relevant EU and national procurement and contracting regulations; and
- Adequate anti-fraud and corruption arrangements are in place.

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Medium Term Financial Strategy 2010-2020

	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
	<u>Revised</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Budget increases:				
Corporate obligations/implications of economic climate:	1,570	2,652	2,300	1,630
Financial implications of member approved decisions:	5,418	3,128	2,850	-
Financial implications of Future Investment:	1,300	95	1,750	1,750
Investment required to ensure budget is robust:	11,290	6,551	1,750	1,250
Total Additional Costs (A)	19,578	12,426	8,650	4,630
Change in Income Funding				
Reduction in Collection Fund deficit	- 500	690	-	-
Reduction in Grant Funding (FG, SG & ABG)	- 1,922	- 21,668	- 7,767	- 8,000
Additional New grants	-	2,787	132	-
Council Tax & Collection fund	- 500	3,116	-	1,315
Total Change in Income (B)	- 2,422	- 15,764	- 7,900	- 6,685
Budget Gap (A less B)	22,000	28,190	16,550	11,315
	↓	↓	↓	↓
		Total	£78.1	Million
Savings:				
Departmental Savings	20,846	25,190	6,187	6,000
Corporate Savings and Efficiency	1,000	3,000	4,000	5,000
Total Savings	21,846	28,190	10,187	11,000
Budget Gap including savings	154	0	6,363	315
	↓	↓	↓	↓
		Total	£6.8	Million

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SAVINGS SUMMARY 2010/11 - 2013/14

		E000's	E000's	E000's	E000's	E000's	E000's		E000's	%	SELECT COMMITTEE(S)	Approx No of Vacant Posts	Approx No of Redundant posts	Approx Total loss of posts
Detail		Emergency Budget	2011-12	2011-12 Additional Savings	2012-13	2013-14	3 Year Total inc EB	What type of saving?	Total 2010/11 Budget	Total 3yr Budget Reduction				
ADULTS & COMMUNITY														
ACS/SAV/1	Free Swimming	727	-	-	-	-	727	Grant Cut	727	100%	SSCSC	-	-	-
ACS/SAV/2	Preventing Violent Extremism	100	-	-	-	-	100	Grant Cut	100	100%	SSCSC	-	-	-
ACS/SAV/3	Family Learning (Libraries)	23	-	-	-	-	23	Grant Cut	47	49%	LAWSC	-	-	-
ACS/SAV/4	Supporting People	250	-	-	-	-	250	Grant Cut	2,650	9%	HASSC	-	-	-
ACS/SAV/5	Crime prevention	150	-	-	-	-	150	Service Redesign	347	43%	SSCSC	-	-	-
ACS/SAV/6	Support Budgets	100	-	-	-	-	100	Efficiency	1,500	7%	HASSC	-	-	-
ACS/SAV/7	Government Grants - Allocations & Slippage	125	-	-	-	-	125	Grant Cut	9,570	1%	HASSC	-	-	-
ACS/SAV/8	Adult care restructure	150	250	-	-	-	400	Efficiency	5,340	7%	HASSC	3.0	3.0	6.0
ACS/SAV/9	Cross directorate staffing reductions	125	320	-	-	-	445	Efficiency	2,200	20%	SSCSC / HASSC	4.0	3.0	7.0
ACS/SAV/10	Libraries service review	50	-	-	-	-	50	Service Redesign	2,776	2%	SSCSC	12.0	4.0	16.0
ACS/SAV/11	Area Based Grant reductions	-	-	-	1,060	975	2,035	Grant Cut	10,044	20%	SSCSC / HASSC	-	-	-
ACS/SAV/12	YOS/DAAT family focused skills	-	75	-	-	-	75	Service Redesign	128	59%	SSCSC	-	-	-
ACS/SAV/13	Crime prevention	-	250	-	-	-	250	Service Redesign	347	72%	SSCSC	-	-	-
ACS/SAV/14	Youth Offending & Substance Misuse	-	50	-	-	-	50	Service Redesign	2,293	2%	SSCSC	1.0	-	1.0
ACS/SAV/15	Parks police	-	100	-	-	-	100	Service Redesign	100	100%	SSCSC	-	-	-
ACS/SAV/16	Adult care commissioning	-	1,000	177	250	250	1,677	Efficiency	25,000	7%	HASSC	-	-	-
ACS/SAV/17	Charging policy review	-	125	-	-	-	125	Income	450	28%	HASSC	-	-	-
ACS/SAV/18	Community Grants	-	250	-	250	250	750	Service Redesign	1,500	50%	SSCSC	-	-	-
ACS/SAV/19	Joint working/closer integration	-	100	200	-	-	300	Efficiency	200	150%	HASSC	-	-	-
ACS/SAV/20	Meals on wheels income	-	125	-	-	-	125	Income	260	48%	HASSC	-	-	-
ACS/SAV/21	Broadway theatre	-	100	-	65	-	165	Service Redesign	569	29%	SSCSC	-	-	-
ACS/SAV/22	Parks & Events	-	150	-	-	-	150	Service Redesign	945	16%	SSCSC	1.0	-	1.0
ACS/SAV/23	Goresbrook swim side	-	-	-	125	125	250	Service Redesign	558	45%	SSCSC	-	10.0	10.0
ACS/SAV/24	Olympics ambition	-	-	-	-	250	250	Service Redesign	250	100%	SSCSC	-	3.0	3.0
ACS/SAV/25	Community halls	-	125	-	175	-	300	Service Redesign	370	81%	SSCSC	-	1.0	1.0
ACS/SAV/26	Community equipment	-	100	-	-	-	100	Efficiency	500	20%	HASSC	-	-	-
ACS/SAV/27	Mental health budget reduction	-	100	-	-	-	100	Efficiency	4,090	2%	HASSC	-	-	-
ACS/SAV/28	PPP review	-	300	-	-	-	300	Efficiency	1,200	25%	SSCSC / HASSC	4.0	4.0	8.0
ACS/SAV/29	Support services	-	300	-	85	90	475	Efficiency	1,500	32%	SSCSC / HASSC	-	-	-
ACS/SAV/30	Security costs	-	200	-	-	-	200	Efficiency	300	67%	SSCSC	-	-	-
ACS/SAV/32	Reduce Family Learning	-	-	23	-	-	23	Service Redesign	50	46%	N/A	-	-	-
ACS/SAV/33	Reduce Security provision in Buildings	-	-	150	-	-	150	Service Redesign	300	50%	N/A	-	-	-
ACS/SAV/34	Increase Volunteers in Libraries	-	-	50	-	-	50	Service Redesign	2,776	2%	N/A	-	-	-
Total		1,800	4,020	600	2,010	1,940	10,370		78,987	13%		25.0	28.0	53.0
CHILDRENS														
CHS/SAV/1	Directorate re-organisational efficiencies	-	1,049	550	1,620	1,460	4,679	Efficiency	37,283	13%	CSSC	-	-	-
CHS/SAV/2	Children's Policy and Trust Commissioning Management	190	15	-	-	-	175	Efficiency	967	18%	CSSC	4.0	1.0	5.0
CHS/SAV/3	Youth Provision Reconfiguration	800	300	-	-	-	1,100	Grant Cut	3,914	28%	CSSC	2.0	8.0	10.0
CHS/SAV/4	Childminding	-	35	-	-	-	35	Efficiency	178	20%	CSSC	-	1.0	1.0
CHS/SAV/5	Management Children's Centres	-	114	-	-	-	114	Efficiency	300	38%	CSSC	-	-	-
CHS/SAV/6	Teenage Pregnancy	50	127	-	-	-	177	Grant Cut	177	100%	CSSC	2.0	-	2.0
CHS/SAV/7	Supplies & Services Budget	-	12	-	-	-	12	Efficiency	4,323	0%	CSSC	-	-	-
CHS/SAV/8	Advisory Teachers/National Strategy	370	70	-	-	-	300	Service Redesign	1,050	29%	CSSC	-	5.0	5.0
CHS/SAV/9	Attendance Service Reduction	-	150	-	-	-	150	Service Redesign	628	24%	CSSC	4.0	-	4.0
CHS/SAV/10	City Learning Centre	50	150	-	-	-	200	Service Redesign	215	93%	CSSC	-	5.0	5.0
CHS/SAV/11	Community Music Service	60	140	-	-	-	200	Income	230	87%	CSSC	-	-	-
CHS/SAV/12	Director's representatives at Governors Meetings	5	5	-	-	-	10	Efficiency	48	21%	CSSC	-	-	-
CHS/SAV/13	Inspection Service	-	150	-	-	-	150	Service Redesign	763	20%	CSSC	1.0	1.0	2.0
CHS/SAV/14	Language Support Service Grant	38	38	-	-	-	-	Service Redesign	0	0%	CSSC	-	-	-
CHS/SAV/15	Modern Foreign Language Support	10	10	-	-	-	-	Service Redesign	0	0%	CSSC	-	-	-
CHS/SAV/16	Transport Savings From Adjustments for Affordability	-	500	-	100	100	700	Service Redesign	3,284	21%	CSSC	-	-	-
CHS/SAV/17	Transport to DSG	-	200	-	-	-	200	Income	3,284	6%	CSSC	-	-	-
CHS/SAV/18	Trevern	23	66	-	-	-	89	Income	105	85%	CSSC	-	-	-
CHS/SAV/19	Westbury Centre	47	41	-	-	-	88	Efficiency	302	29%	CSSC	-	-	-
CHS/SAV/20	Adoption	-	-	-	-	-	-	Service Redesign	0	0%	CSSC	-	-	-
CHS/SAV/21	Court Assessment Team	-	35	-	100	-	135	Service Redesign	359	38%	CSSC	-	1.0	1.0
CHS/SAV/22	Emergency Duty Team	-	-	-	-	-	-	Service Redesign	0	0%	CSSC	-	-	-
CHS/SAV/23	Fostering Team	-	-	-	-	-	-	Service Redesign	0	0%	CSSC	-	-	-
CHS/SAV/24	Service Development Support Officer	-	50	-	-	-	50	Efficiency	171	29%	CSSC	-	1.0	1.0
CHS/SAV/25	14-19 ABG Funded Staff	47	53	-	-	-	100	Efficiency	271	37%	CSSC / LAWSC	-	1.0	1.0
CHS/SAV/26	Aim Higher	35	35	-	-	-	-	Efficiency	0	0%	CSSC / LAWSC	-	-	-
CHS/SAV/27	Apprenticeships Savings	-	502	-	-	-	502	Service Redesign	634	79%	CSSC / LAWSC	-	1.0	1.0
CHS/SAV/28	Job Brokerage Services	-	125	-	-	-	125	Service Redesign	248	50%	CSSC / LAWSC	-	-	-
CHS/SAV/29	Childcare Support Fund	50	-	-	-	-	50	Service Redesign	50	100%	CSSC / LAWSC	-	-	-
CHS/SAV/30	School Gates	25	25	-	-	-	-	Service Redesign	0	0%	CSSC / LAWSC	-	-	-
CHS/SAV/31	Childrens IT service	-	60	-	-	-	60	Service Redesign	251	24%	CSSC	-	1.0	1.0
CHS/SAV/32	Woodlands Premises Cost	-	39	-	-	-	39	Efficiency	59	66%	CSSC	-	-	-
CHS/SAV/34	Crisis Intervention	-	32	-	-	-	32	Service Redesign	230	14%	CSSC	-	1.0	1.0
CHS/SAV/35	Family Group Conference	-	53	-	-	-	53	Service Redesign	226	23%	CSSC	-	1.0	1.0

SAVINGS SUMMARY 2010/11 - 2013/14

	Detail	E000's	E000's	E000's	E000's	E000's	What type of saving?	E000's	%	SELECT COMMITTEE(S)	Approx No of Vacant Posts	Approx No of Redundant posts	Approx Total loss of posts	
		Emergency Budget	2011-12	2011-12 Additional Savings	2012-13	2013-14		3 Year Total inc EB	Total 2010/11 Budget					Total 3yr Budget Reduction
CHS/SAV/36	Safeguarding & Quality Assurance		55	-	-	-	55	Service Redesign	821	7%	CSSC	-	1.0	1.0
CHS/SAV/37	Charging for CiC		-	100	-	-	100	Income	100	100%	N/A	-	-	-
Total		1,800	3,850	650	1,820	1,560	9,680		60,470	16%		13.0	29.0	42.0
CUSTOMER														
CUS/SAV/1	Customer services management re-structure	110	424	-	-	-	534	Efficiency	1,089	49%	LAWSC	-	-	-
CUS/SAV/2	Redesigning street cleansing operations	-	200	-	-	-	200	Efficiency	2,213	9%	LAWSC	2.0	20.0	22.0
CUS/SAV/3	Passenger Transport - remodelling of services	-	1,119	-	400	-	1,519	Efficiency	4,509	34%	LAWSC	-	36.0	36.0
CUS/SAV/4	Environmental & Trading Standards	-	150	-	-	-	150	Efficiency	1,331	11%	SSCSC	4.0	-	4.0
CUS/SAV/5	Parks & open spaces	-	370	-	-	-	370	Service Redesign	2,981	12%	LAWSC	-	-	-
CUS/SAV/6	Street Scene - Parking	-	686	354	-	50	1,090	Income	2,615	42%	LAWSC	-	-	-
CUS/SAV/7	Street Scene - Call Outs	-	75	-	-	-	75	Efficiency	157	48%	LAWSC	-	-	-
CUS/SAV/8	Street Scene - Depot	-	48	-	-	-	48	Efficiency	127	38%	SSCSC	-	3.0	3.0
CUS/SAV/9	Street Scene - Road Safety	-	54	-	-	-	54	Service Redesign	390	14%	SSCSC	-	1.5	1.5
CUS/SAV/10	Housing Advice Proforma Restructure	-	75	-	50	-	125	Efficiency	1,509	8%	LAWSC	5.0	1.0	6.0
CUS/SAV/11	Housing Advice Re-align Recharges to HRA	-	150	-	-	-	150	Income	1,273	12%	LAWSC	-	-	-
CUS/SAV/12	Housing General Fund	185	-	-	-	-	185	Income	310	60%	LAWSC	-	-	-
CUS/SAV/13	Environment reduction in staff post	50	30	-	-	-	80	Service Redesign	1,089	7%	LAWSC	-	-	-
CUS/SAV/14	Revenues and benefits head of service post	25	85	-	-	-	110	Efficiency	2,158	5%	PAASC	-	-	-
CUS/SAV/15	Housing Advice Reduce subsidy gap	-	200	-	150	-	350	Efficiency	8,278	4%	LAWSC	-	-	-
CUS/SAV/16	Housing - re-structure	100	-	-	-	-	100	Efficiency	1,659	6%	LAWSC	-	-	-
CUS/SAV/17	Repairs and maintenance John Smith House	35	-	-	-	-	35	Efficiency	95	37%	LAWSC	-	-	-
CUS/SAV/18	Housing - GM post	25	-	-	-	-	25	Efficiency	50	50%	LAWSC	-	-	-
CUS/SAV/19	Recycling collection on estates	100	-	-	-	-	100	Service Redesign	2,488	4%	LAWSC	-	-	-
CUS/SAV/20	Environment 3rd party reductions & street scene restructure	460	-	-	-	-	460	Service Redesign	810	57%	LAWSC	-	-	-
CUS/SAV/21	Supplies & services	81	81	-	-	-	-	Efficiency	0	0%	PAASC	-	-	-
CUS/SAV/22	B&D Direct - Service Efficiency in new One Stop Shop	50	50	-	-	-	-	Efficiency	0	0%	PAASC	-	-	-
CUS/SAV/23	B&D Direct - Staff Saving in new One Stop Shop	25	25	-	-	-	-	Efficiency	0	0%	PAASC	-	-	-
CUS/SAV/24	Environmental Transformation	-	-	-	660	-	660	Efficiency	18,500	4%	LAWSC	-	-	-
CUS/SAV/25	Re-procurement of street lighting	-	-	-	200	-	200	Efficiency	1,996	10%	LAWSC	-	-	-
CUS/SAV/26	Refuse Services	-	-	-	200	275	475	Efficiency	3,149	15%	LAWSC	-	-	-
CUS/SAV/27	Shared environmental service	-	-	-	-	1,095	1,095	Efficiency	14,393	8%	LAWSC	-	-	-
CUS/SAV/28	Temporary Accommodation Re-design	-	-	400	-	-	400	Service Redesign	-	0%	N/A	-	-	-
Total		1,246	3,510	754	1,660	1,420	8,590		73,137	12%		11.0	61.5	72.5
FINANCE & RESOURCES														
FIN&RES/SAV/1	Human Resources - Staffing Review	-	306	-	-	-	306	Service Redesign	2,949	10%	PAASC	9.0	8.0	17.0
FIN&RES/SAV/2	Asset & Capital Delivery Staffing Reductions inc Capital staff	601	636	189	-	-	1,426	Service Redesign	6,477	22%	PAASC	54.0	2.0	56.0
FIN&RES/SAV/3	Marketing and comms review	100	554	-	147	-	801	Service Redesign	1,601	50%	PAASC	2.0	12.0	14.0
FIN&RES/SAV/4	Rationalisation of complaints & FOI's	-	71	-	-	-	71	Service Redesign	-	-	PAASC	1.0	1.0	2.0
FIN&RES/SAV/5	Rationalisation of Legal practice	-	470	-	-	-	470	Service Redesign	3,690	20%	PAASC	1.5	3.0	4.5
FIN&RES/SAV/6	Rationalisation of Democratic Services	-	197	-	-	-	197	Service Redesign	-	-	PAASC	1.0	-	1.0
FIN&RES/SAV/7	PPP review	100	262	125	-	-	487	Service Redesign	1,458	33%	PAASC	3.0	5.0	8.0
FIN&RES/SAV/8	Regeneration & Economic development re-structure	400	300	-	60	-	760	Service Redesign	3,798	20%	LAWSC	7.0	5.0	12.0
FIN&RES/SAV/9	Corporate Finance review	-	497	-	256	-	753	Service Redesign	4,039	19%	PAASC	9.0	8.0	17.0
FIN&RES/SAV/10	Audit & Risk	-	23	-	-	-	23	Service Redesign	736	3%	PAASC	3.0	-	3.0
FIN&RES/SAV/11	Corporate Director of Resources Post	90	80	-	-	-	170	Service Redesign	170	100%	PAASC	1.0	-	1.0
FIN&RES/SAV/12	Reduction in corporate projects	200	-	150	-	-	350	Service Redesign	200	175%	PAASC	-	-	-
FIN&RES/SAV/13	Deletion of total commissioning service	-	200	-	-	-	200	Service Redesign	200	100%	PAASC	1.0	1.0	2.0
FIN&RES/SAV/14	Reduction in Building Schools for Future budgets	50	650	-	-	-	700	Service Redesign	1,700	41%	PAASC	-	-	-
FIN&RES/SAV/15	Misc M/WOW & One B&D Savings	-	186	-	234	226	646	Service Redesign	-	0%	PAASC	-	-	-
FIN&RES/SAV/16	Misc Support Services non-recurring savings	1,459	1,772	164	-	-	477	Service Redesign	-	0%	PAASC	-	-	-
Total		3,000	2,660	300	697	226	6,883		27,018	25%		92.5	45.0	137.5
CORPORATE SAVINGS														
JV/SAV/1	Initial Savings from the Joint Venture	-	3,000	-	4,000	5,000	12,000	JOINT VENTURE	-	-	PAASC	-	-	-
CORP/SAV/01	Terms & Conditions Review	-	-	1,000	-	-	1,000	Service Redesign	-	0%	PAASC	-	-	-
CORP/SAV/02	Reduce Reserves (reduced risk of Overspend)	-	-	-	-	-	-	-	-	-	-	-	-	
Total		-	3,000	1,000	4,000	5,000	13,000		-	0%		-	-	-
LBB TOTAL														
LBBD Total		7,846	17,040	3,304	10,187	10,146	48,523		239,612	20%		141.5	163.5	305.0

LBBB GRANT RECONCILIATION

DIVISION	GRANT	ORIGINAL SOURCE / PROVIDER	2010/11 Gov't Department Grant Allocation	2010/11 LBBB ORIGINAL GRANT ALLOCATION	2010/11 LBBB REVISED GRANT ALLOCATION	Change in LBBB Grant	Adjusted DCLG 10/11 Status	DCLG 11/12 Status	LBBB Adjustment for 11/12 Budget
ACS	Neighbourhood Crime & Justice Grant	HO	-	70,000	70,000	(70,000)	Not Funded	Not Funded	Not Funded
ACS	Social Services improving IT infrastructure	DH	-	65,690	65,690	(65,690)	Not Funded	Not Funded	Not Funded
ACS	Tobacco Control Grant	DH	-	100,000	100,000	(100,000)	Not Funded	Not Funded	Not Funded
CHS	Adults Social Care Workforce	ABG	541,010	-	541,010	0	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	Adult Safeguarding Team	ABG	-	-	118,750	(118,750)	Not Funded	Not Funded	LBBB Base Funded
ACS	Carers	ABG	1,135,749	1,135,749	928,811	206,938	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	Cohesion	ABG	252,353	-	-	252,353	Rolled into Specific Grants	Grant Cut	Not Funded
ACS	Community Reparation	ABG	-	-	26,600	(26,600)	Not Funded	Not Funded	LBBB Base Funded
ACS	Economic Assessment Duty	ABG	65,000	-	-	65,000	Rolled into Formula Grant	Subject to FG Cut	Not Funded
ACS	Free Swimming	ABG	-	-	727,000	(727,000)	Not Funded	Not Funded	Not Funded
ACS	Learning & Disability Development Fund	ABG	186,575	186,575	157,700	28,875	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	Libraries family learning	ABG	-	-	47,500	(47,500)	Not Funded	Not Funded	LBBB Base Funded
ACS	Local Involvement Networks	ABG	145,701	145,701	137,750	7,951	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	Mental Capacity Act & Independent Mental Capacity	ABG	114,110	114,110	25,650	88,460	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	Mental Health	ABG	657,483	657,483	513,982	143,501	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	Met Police - ASB and Operation Cougar	ABG	-	-	65,208	(65,208)	Not Funded	Not Funded	LBBB Base Funded
ACS	PPO Scheme	ABG	-	-	16,222	(16,222)	Not Funded	Not Funded	LBBB Base Funded
ACS	Preserved Rights	ABG	463,843	463,843	470,603	(6,760)	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	Preventing Violent Extremism	ABG	138,193	138,193	101,892	36,301	Rolled into Specific Grants	Grant Cut	LBBB Base Funded
ACS	Stronger Safer Communities	ABG	237,135	237,135	187,278	49,857	UNKNOWN	UNKNOWN	LBBB Base Funded
ACS	Supporting People (see note 1)	ABG	5,650,993	5,650,993	5,650,993	0	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	Supporting People Administration	ABG	-	106,924	128,665	(128,665)	Not Funded	Not Funded	LBBB Base Funded
ACS	Tackling Serious Acquisitive Crime	ABG	-	-	71,250	(71,250)	Not Funded	Not Funded	LBBB Base Funded
ACS	Tackling violence	ABG	-	-	171,000	(171,000)	Not Funded	Not Funded	LBBB Base Funded
ACS	Welfare rights & skills development	ABG	-	-	66,500	(66,500)	Not Funded	Not Funded	LBBB Base Funded
ACS	Work with Young Victims of Crime	ABG	-	-	15,675	(15,675)	Not Funded	Not Funded	LBBB Base Funded
ACS	Working Neighbourhood Fund	ABG	1,500,754	1,500,754	-	1,500,754	Rolled into Specific Grants	Grant Cut	Not Funded
ACS	YOS / DAAT - Family Focussed Skills Development	ABG	-	-	128,250	(128,250)	Not Funded	Not Funded	LBBB Base Funded
ACS	YOT Parenting Orders	ABG	-	-	29,678	(29,678)	Not Funded	Not Funded	LBBB Base Funded
ACS	Young People Substance Misuse	ABG	103,622	103,622	98,441	5,181	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
ACS	Young peoples outreach (DAAT)	ABG	-	-	158,650	(158,650)	Not Funded	Not Funded	LBBB Base Funded
ACS	Home office pro rata reduction	ABG	24,701	-	-	(24,701)	Rolled into Specific Grants	Grant Cut	Not Funded
ACS	AIDS Support	DH	292,000	292,000	292,000	0	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	Learning Disability & Health Reform Grant	DH	4,043,430	4,043,430	4,043,430	0	Rolled into Specific Grants	subject to SG Cut	LBBB Base Funded
ACS	Social Care Reform	DH	915,862	915,862	1,051,792	(135,930)	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	DCLG Formula Adjustment (theoretical grant not cash)	DH	131,563	-	131,563	0	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	Stroke Strategy	DH	90,000	90,000	90,000	0	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	Young Persons Substance Misuse Grant	DH via the	64,540	64,540	64,540	0	Partnership Funded	Partnership Funded	Partnership Funded
ACS	Handypersons Grant / housing strategy for older people	CLG	70,000	70,000	70,000	0	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
ACS	Social Care infrastructure	DH	96,000	96,000	96,000	0	UNKNOWN	UNKNOWN	LBBB Base Funded
ACS	Mental Health infrastructure	DH	114,000	114,000	114,000	0	UNKNOWN	UNKNOWN	LBBB Base Funded
ACS	Drug Action Teams	HO	277,508	277,508	277,508	0	Partnership Funded	Partnership Funded	Partnership Funded
ACS	Youth Offending Teams Grant	YJB	778,459	778,459	778,459	0	Partnership Funded	Partnership Funded	Partnership Funded
ACS	Youth Crime Action Plan	DfE	180,000	180,000	180,000	0	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
	TOTAL ADULTS & COMMUNITY SERVICES GRANTS		18,221,182	17,598,571	18,010,040	211,142			
CHS	14-19 Flexible Funding Pot	ABG	56,917	56,917	-	56,917	Grant Cut	Not Funded	Not Funded
CHS	Children's Social Care Workforce	ABG	125,535	-	-	78,875	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Additional Social Workers to reduce numbers of CIN.	ABG	-	-	285,000	(285,000)	Not Funded	Not Funded	LBBB Base Funded
CHS	Apprenticeships Development Unit - Model 1	ABG	-	-	636,000	(636,000)	Not Funded	Not Funded	LBBB Base Funded
CHS	Care Matters White Paper	ABG	347,635	-	-	347,635	Rolled into Formula Grant	Subject to FG Cut	Not Funded
CHS	Child & Adolescent Mental Health	ABG	708,611	708,611	487,626	220,985	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
CHS	Child Death Review Processes	ABG	53,160	53,160	47,046	6,114	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
CHS	Child Trust Fund	ABG	6,462	6,462	3,923	2,539	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Childcare Subsidy	ABG	-	-	50,000	(50,000)	Not Funded	Not Funded	LBBB Base Funded
CHS	Children's Fund	ABG	666,554	666,554	443,226	223,328	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Choice Advisors	ABG	37,153	37,153	45,555	(8,402)	Grant Cut	Not Funded	LBBB Base Funded
CHS	Connexions	ABG	2,307,413	2,307,413	1,886,543	420,870	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Designated Teacher Funding	ABG	8,874	-	-	8,874	Grant Cut	Not Funded	Not Funded
CHS	Education Health Partnerships	ABG	55,704	55,704	52,919	2,785	Grant Cut	Not Funded	LBBB Base Funded
CHS	ESF Match Funding	ABG	-	-	625,000	(625,000)	Not Funded	Not Funded	LBBB Base Funded
CHS	Extended Rights To Free Transport	ABG	11,332	11,332	2,255	9,077	UNKNOWN	UNKNOWN	LBBB Base Funded
CHS	Extended Schools Start Up Grant	ABG	312,266	312,266	180,306	131,960	Grant Cut	Not Funded	LBBB Base Funded
CHS	Job Brokers	ABG	-	-	200,000	(200,000)	Not Funded	Not Funded	LBBB Base Funded
CHS	Pilot Prevention Scheme	ABG	-	-	123,500	(123,500)	Not Funded	Not Funded	LBBB Base Funded
CHS	Positive Activities for Young People	ABG	913,435	913,435	439,905	473,530	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Primary National Strategy - Central Co-Ordination	ABG	135,588	135,588	128,695	6,893	Grant Cut	Not Funded	LBBB Base Funded
CHS	Restorative Justice Scheme	ABG	-	-	59,850	(59,850)	Not Funded	Not Funded	LBBB Base Funded
CHS	School Development Grant	ABG	1,810,991	1,810,991	1,452,864	358,127	Grant Cut	Not Funded	LBBB Base Funded
CHS	School Gates Employment	ABG	133,500	133,500	64,500	69,000	Grant Cut	Not Funded	LBBB Base Funded
CHS	School Improvement Partners	ABG	64,930	64,930	59,594	5,336	Grant Cut	Not Funded	LBBB Base Funded
CHS	School Intervention Grant	ABG	40,000	40,000	38,000	2,000	Grant Cut	Not Funded	LBBB Base Funded
CHS	Secondary National Strategy - Behaviour & Attendance	ABG	68,300	68,300	64,885	3,415	Grant Cut	Not Funded	LBBB Base Funded
CHS	Secondary National Strategy - Central Co-Ordination	ABG	140,572	140,572	133,285	7,287	Grant Cut	Not Funded	LBBB Base Funded
CHS	Skills, Learning & Enterprise - ESF/NRF Co-Financing	ABG	-	-	639,000	(639,000)	Not Funded	Not Funded	LBBB Base Funded
CHS	Supported Lodgings	ABG	-	-	69,350	(69,350)	Not Funded	Not Funded	LBBB Base Funded
CHS	Teenage Pregnancy	ABG	123,000	123,000	116,850	6,150	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	The Empowered Voice	ABG	-	-	57,000	(57,000)	Not Funded	Not Funded	LBBB Base Funded
CHS	Think Family (targeted interventions in key wards	ABG	-	-	47,500	(47,500)	Not Funded	Not Funded	LBBB Base Funded
CHS	LSC Staff transfer, Special Purpose Grant	ABG	264,989	264,989	264,989	0	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
CHS	Young People (detached youth workers, Foyer etc.)	ABG	-	-	142,500	(142,500)	Not Funded	Not Funded	LBBB Base Funded
CHS	School Travel Advisors	ABG	16,000	16,000	15,200	800	Grant Cut	Not Funded	LBBB Base Funded
CHS	January Guarantee	ABG	36,722	36,722	-	36,722	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	DfE Pro Rata reduction	ABG	1,830,592	-	-	(1,830,592)	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Adult and Community Learning from Learning and Skills	SFA	3,907,000	3,907,000	3,907,000	0	Partnership Funded	Partnership Funded	Partnership Funded
CHS	Further Education funding from Learning and Skills Cou	SFA	130,000	130,000	130,000	0	Partnership Funded	Partnership Funded	Partnership Funded
CHS	Local Area Agreements (LAA) Pump Priming Grant	CLG	-	57,000	57,000	(57,000)	Grant Cut	Grant Cut	Not Funded
CHS	Inspiring Community Grant	CLG	-	-	275,000	(275,000)	Rolled into Specific Grants	Grant Cut	LBBB Base Funded
CHS	Contact Point	DCSF	-	149,000	149,000	(149,000)	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Dedicated Schools Grant (DSG)	DCSF	152,006,000	152,006,000	152,321,000	(315,000)	Rolled into DSG	Rolled into DSG	Rolled into DSG
CHS	Education Maintenance Allowance	YPLA	-	57,000	57,000	(57,000)	Grant Cut	Grant Cut	Not Funded
CHS	London Pay Addition	DCSF	777,000	777,000	777,000	0	Rolled into DSG	Rolled into DSG	Rolled into DSG
CHS	School Standards Grant (including Personalisation)	DCSF	7,029,000	7,029,000	7,029,000	0	Rolled into DSG	Rolled into DSG	Rolled into DSG
CHS	Sixth forms funding from Young People's Learning Ager	DCSF	13,145,000	13,145,000	13,145,000	0	Rolled into DSG	Rolled into DSG	Rolled into DSG
CHS	Remainder of CYP grant not in EIG (total is 946k)	DCSF	5,579	-	5,579	0	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
CHS	Standards Fund (excluding elements now in ABG)	DCSF	17,435,000	17,435,000	17,435,000	0	Rolled into DSG	Rolled into DSG	Rolled into DSG
CHS	Sure Start, Early Years and Childcare Grant	DCSF	9,982,233	9,982,233	9,982,233	0	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Targeted Mental Health in Schools	DCSF	222,500	222,500	222,500	0	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Think Family Grant	DCSF	570,000	570,000	570,000	0	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Youth Opportunity	DCSF	254,400	254,400	254,400	0	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Two Year old offer	DCSF	727,700	727,700	727,700	0	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Short Breaks	DCSF	811,030	811,030	811,030	0	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Foundation Learning	DCSF	77,618	77,618	77,618	0	Rolled into EIG	Subject to EIG Cut	LBBB Base Funded
CHS	Asylum Seekers	HO	1,436,000	1,436,000	1,436,000	0	Claim funded	Claim funded	Claim funded
	TOTAL CHILDRENS SERVICES GRANTS		215,131,111	216,737,080	218,280,586	(3,149,475)			
CUS	Homelessness (PSA Grant Fund)	DH	-	61,000	94,000	(94,000)	Rolled into Specific Grants	subject to SG Cut	LBBB Base Funded
CUS	Homelessness	CLG	-	100,000	101,000	(101,000)	Rolled into Specific Grants	subject to SG Cut	LBBB Base Funded
CUS	Overcrowding Allowance	-	-	-	100,000	(100,000)	Rolled into Specific Grants	subject to SG Cut	LBBB Base Funded
CUS	Rent Deposit Scheme	-	-	-	200,000	(200,000)	Rolled into Specific Grants	subject to SG Cut	LBBB Base Funded
CUS	Sub regional Funding	-	-	-	500,000	(500,000)	Rolled into Specific Grants	subject to SG Cut	LBBB Base Funded
CUS	Loss of Homelessness grant	-	-	-	83,950	(83,950)	Rolled into Specific Grants	subject to SG Cut	LBBB Base Funded
CUS	Mobile Homes Act	CLG	688	-	688	0	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded
CUS	Sustainable Travel - General Duty	ABG	12,525	12,525	11,899	626	Grant Cut	Not Funded	LBBB Base Funded
CUS	Concessionary Fares	DfT	1,177,255	-	-	1,177,255	Rolled into Formula Grant	Subject to FG Cut	LBBB Base Funded

LBBB GRANT RECONCILIATION

DIVISION	GRANT	ORIGINAL SOURCE / PROVIDER	2010/11 Gov't Department Grant Allocation	2010/11 LBBB ORIGINAL GRANT ALLOCATION	2010/11 LBBB REVISED GRANT ALLOCATION	Change in LBBB Grant	Adjusted DCLG 10/11 Status	DCLG 11/12 Status	LBBB Adjustment for 11/12 Budget
CUS	Council Tax Benefit: subsidy	DWP	19,133,000	19,000,000	19,133,000	0	Claim funded	Claim funded	Claim funded
CUS	Housing Benefit & Council Tax Benefit Admin grant	DWP	2,167,261	2,000,000	2,167,261	0	Rolled into Specific Grants	subject to SG Cut	LBBB Base Funded
CUS	Mandatory Rent Allowances: subsidy	DWP	54,053,000	54,000,000	54,053,000	0	Claim funded	Claim funded	Claim funded
CUS	Mandatory Rent Rebates outside HRA: subsidy	DWP	10,711,000	11,000,000	10,711,000	0	Claim funded	Claim funded	Claim funded
CUS	Rent Rebates Granted to HRA Tenants: subsidy	DWP	45,068,000	45,000,000	45,068,000	0	Claim funded	Claim funded	Claim funded
CUS	Migration Impact	GOL	53,000	-	53,000	0	Rolled into Specific Grants	Grant Cut	Not Funded
CUS	Citizenship Payments- Nationality Checking	HO	-	141,000	141,000	(141,000)	Not Funded	Not Funded	LBBB Base Funded
	TOTAL CUSTOMER SERVICES GRANTS		132,375,729	131,314,525	133,427,153	(1,051,424)			
RES	Apprenticeships	ABG	-	-	95,000	(95,000)	Not Funded	Not Funded	LBBB Base Funded
RES	Climate Change (Planning Policy Statement)	ABG	22,500	22,500	22,500	0	UNKNOWN	UNKNOWN	LBBB Base Funded
RES	Community Calls for Action	ABG	2,000	2,000	-	2,000	UNKNOWN	UNKNOWN	Not Funded
RES	LEGI / Environmental Initiatives	ABG	1,734,156	1,734,156	727,000	1,007,156	Rolled into Specific Grants	Grant Cut	LBBB Base Funded
RES	Environmental Damage Regulations	ABG	319	319	-	319	Rolled into Specific Grants	Grant Cut	Not Funded
RES	NI160 Status Survey	ABG	4,200	4,200	-	4,200	Grant Cut	Not Funded	Not Funded
RES	Pump Priming Initiatives	ABG	-	-	95,000	(95,000)	Not Funded	Not Funded	LBBB Base Funded
RES	Statutory Guidance on Social Housing Allocations	ABG	1,380	1,380	-	1,380	UNKNOWN	UNKNOWN	Not Funded
RES	Tackling local priorities	ABG	-	-	19,000	(19,000)	Not Funded	Not Funded	LBBB Base Funded
RES	Taskforce Initiatives	ABG	-	-	300,000	(300,000)	Not Funded	Not Funded	LBBB Base Funded
RES	Total Commissioning	ABG	-	-	200,000	(200,000)	Not Funded	Not Funded	LBBB Base Funded
RES	Child Poverty	ABG	70,100	70,100	-	70,100	Grant Cut	Grant Cut	Not Funded
RES	E-Petitions LDEDC Act 2009	ABG	12,230	-	-	12,230	UNKNOWN	UNKNOWN	Not Funded
CORP	Private Sewers - RSG TOP SLICE	RSG	-	-	66,679	66,679	Not Funded	Not Funded	LBBB Base Funded
CORP	Planning SUD's Appeal - RSG TOP SLICE	RSG	-	-	4,052	4,052	Not Funded	Not Funded	LBBB Base Funded
CORP	Academies Administration - RSG TOP SLICE	RSG	-	-	714,132	714,132	Not Funded	Not Funded	LBBB Base Funded
FIN	Contribution to Support Council Budget	ABG	-	-	500,000	(500,000)	Not Funded	Not Funded	LBBB Base Funded
FIN	ABG Holding code 10.G10.40010.G10015	ABG	-	-	500,015	(500,015)	Not Funded	Not Funded	LBBB Base Funded
	TOTAL FINANCE & RESOURCES GRANTS		1,846,885	1,834,655	1,673,652	173,233			
	TOTAL LBBB GRANTS		367,574,907	367,484,831	371,391,431	(3,816,524)			

CAPITAL PROGRAMME (2010/11 - 2014/15)- SUMMARY

DETAIL	Budget 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Total	External Funding	MRA	Section 106	HRA & GRF Revenue Cont	Departmental Borrowing	Corporate Borrowing	Capital Receipts	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Adult & Community Services	19,086	10,963	252	0	0	30,300	6,814	0	204	0	4,400	18,882	0	30,300
Children's Services	42,595	56,993	19,850	384	0	119,822	108,017	0	750	0	0	11,055	0	119,822
Customer Services	45,799	38,016	15,143	13,500	0	112,458	21,192	54,762	0	0	16,580	19,924	0	112,458
Finance & Resources	12,408	15,680	2,530	0	0	30,618	10,734	0	658	0	1,187	18,039	0	30,618
TOTAL	119,888	121,652	37,775	13,884	0	293,199	146,757	54,762	1,613	0	22,167	67,900	0	293,198

CAPITAL PROGRAMME (2010/11 - 2014/15)

DETAIL	Budget 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Total	FUNDING							
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	External Funding	MRA	Section 106	HRA & GRF Revenue Cont	Departmental Borrowing	Corporate Borrowing	Capital Receipts	Total
Adult & Community Services														
Ripple Hall (St Georges/Vol Group Relocation)	1,441	100				1,541	1,043					498		1,541
Eastbury Manor House (Redevelopment)	50					50						50		50
Valence Site Redevelopment	1,418	300				1,718	667					1,052		1,718
Disabled Adaptations (HRA)	500	500				1,000						1,000		1,000
Parks and Green Spaces Strategy	2,573	5,223				7,796	4,526		109			3,161		7,795
Civic Centre Gardens (formerly Kestrel)	152					152						152		152
Barking Park Artwork		84				84			84					84
BTC Public Art Project	11					11			11					11
Abbey Sports Centre (Wet Side Changing Areas)	240					240	240							240
Becontree Heath Leisure Centre	12,500	4,617	252			17,369					4,400	12,969		17,369
Goresbrook Leisure Centre - Olympic Training Venue	200	139				339	339							339
Total For Adult & Community Services	19,086	10,963	252			30,300	6,814		204		4,400	18,882		30,300

CAPITAL PROGRAMME (2010/11 - 2014/15)

DETAIL	Budget 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Total	FUNDING									
							External Funding	MRA	Section 106	HRA & GRF Revenue Cont	Departmental Borrowing	Corporate Borrowing	Capital Receipts	Total		
Children's Services																
Eastbury	3,939	150				4,089	4,089									4,089
Northbury Infants & Juniors	62					62	62									62
Cambell Infant & Juniors	1,248	25				1,273	523		750							1,273
Barking Riverside first Primary School	7,010	3,015	179			10,203	10,203									10,203
Roding Primary School - Cannington Road Annex	7,754	250				8,004	8,004									8,004
Beam Primary Expansion	3,278	100				3,378	3,378									3,378
St Joseph's Primary - expansion	300	1,850	50			2,200	2,200									2,200
St Peter's Primary - expansion	1,500	75				1,575	1,575									1,575
Thames View Infants - London TG Agreement	891	420	29			1,340	1,340									1,340
Former UEL Site - New Primary School	1,200	8,500	1,138			10,838	10,838									10,838
Thames View Juniors - Expansion & Refurb	170	2,230	100			2,500	2,500									2,500
Cambell Junior - Expansion & Refurb	225	25				250	250									250
Ripple Primary - Expansion	32					32	32									32
Westbury - New Primary School	650	1,750	100			2,500	2,500									2,500
St Georges - New Primary School	272					272	272									272
St George's School Provision - Refurbishment	358	2,260	110			2,728	2,728									2,728
Renewal School Kitchens	350	25				375					375					375
SMF - School Modernisation Fund	1,500	997				2,497	2,497									2,497
Mayesbrook Childrens Centre	10					10	10									10
Youth Access Card	1,171	15				1,186	1,171				15					1,186
Alibon Childrens Centre	806					806	341				465					806
Extended Schools	101					101	101									101
School's Kitchen Extension/Refurbishment 10/11	400	490				890	890									890
Cross-Government Co-Location Fund	483	50				533	533									533
Additional School Places	300	1,501	120			1,921	1,921									1,921
Devolved Capital Formula	4,419					4,419	4,419									4,419
Schools Legionella Works	277					277					277					277
Schools L8 Water Quality Remedial Works 2010/11	220	15				235					235					235
Schools Re-Boiler Works	69					69					69					69
Schools Reboiler & Repipe Fund	250	250				500					500					500
Schools Asbestos Management & Removals 2010-11	220					220					220					220
Sydney Russell - Schools For The Future	1,000	24,000	2,350			27,350	27,350									27,350
Youth Bus	116					116	116									116
Dagenham Job Shop	16					16	16									16
Advanced Skills Centre	2,000	9,000	1,675	384		13,059	4,159				8,900					13,059
NEW BIDS																
Provision of New School Places			14,000			14,000	14,000									14,000
Total for Children's Services	42,595	56,993	19,850	384		119,822	108,017		750		11,055					119,822

CAPITAL PROGRAMME (2010/11 - 2014/15)

DETAIL	Budget 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Total	FUNDING									
							External Funding	MRA	Section 106	HRA & GRF Revenue Cont	Departmental Borrowing	Corporate Borrowing	Capital Receipts	Total		
Customer Services																
Housing Futures	17,992	18,996	13,500	13,500		63,988	3,527	54,762			2,525	3,174				63,988
Council House New Build	11,723	14,900				26,623	14,886			11,736						26,623
Private Sector Households (105)	938					938						938				938
Private Sector Households	950	800	643			2,393	1,436					957				2,393
Housing Modernisation Programme	450					450				450						450
Highways Maintenance(TFL)	265	380				645	645									645
Highways Structural Repairs	2,105					2,105						2,105				2,105
Land Quality Inspection Programme	71	80				151						151				151
Street Light Replacing	1,185	1,000	1,000			3,185						3,185				3,185
Parking Software Replacement	207					207				207						207
Station Access (TFL)	63					63	63									63
Bridge Strengthening (TFL)	95					95	95									95
20MPH Zones (TFL)	134					134	134									134
Local Safety Schemes (TFL)	60					60	60									60
SNAPS	1,405					1,405				1,150	255					1,405
Becontree Neighbourhood Improvements	310					310	310									310
Environmental Improvements - On Street Waste Receptacles	615	630				1,245						1,245				1,245
Christmas Lighting	45	45				90						90				90
Excellent Customer Services	38					38						38				38
Office Accomodation	80					80						80				80
Microsoft Enterprise Agreement	511	36				547	36			511						547
One B & D Availability & Reliability	32					32						32				32
One B & D Connectivity & Information Assurance	23					23						23				23
One B & D Ict Main Scheme	6,477	1,150				7,627						7,627				7,627
IT for Members	16					16						16				16
Respond	9					9						9				9
Total for Customer Services	45,799	38,016	15,143	13,500		112,458	21,192	54,762		16,580	19,924					112,458

CAPITAL PROGRAMME (2010/11 - 2014/15)

DETAIL	Budget 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Total	FUNDING									
							External Funding	MRA	Section 106	HRA & GRF Revenue Cont	Departmental Borrowing	Corporate Borrowing	Capital Receipts	Total		
Finance & Resources																
Intruder Alarms	60					60									60	60
Implement Corporate Accommodation Strategy	827	2,072	1,560			4,459							1,187	3,272		4,459
Backlog Capital Improvements	800	375				1,175								1,175		1,175
CMRP DDA for Buildings	75					75								75		75
Legionella (Public Buildings)	212					212								212		212
L8 Surveys and Risk Assessment Updates	82	35				117								117		117
L8 Control of Legionella Remedial Works	148					148								148		148
Asbestos (Public Buildings)	25	128				153								153		153
Demolition Of 16-18 & 20 Cambridge Road	11					11								11		11
Automatic Meter Reading Equipment	100	119				219								219		219
Demolition of the Lawns	91					91								91		91
Incorporating Energy Efficiency into Building Maintenance	10					10								10		10
Wind Turbines	198					198								198		198
New Dagenham Library & One Stop Shop	2,380					2,380								2,380		2,380
Dagenham Heathway	113					113	113									113
London Road Market Square	599					599	599									599
Legi Business Centres	1,508	3,647	420			5,575	5,575									5,575
Industrial Area Improvement	385					385	200						185			385
Barking Town Square (Phase 2)	42	494				536	536									536
East End Thames View Demolition	187	57				244			244							244
TFL - LIP Funding Programme 2010-2011	100					100	100									100
Barking Town Centre - Low Carbon Emission	117	85				202	202									202
BTC Public Realm - Tsq & Abbey	356	103				459	459									459
Area Based Schemes (Shopping Parades)	1,076					1,076	250			15			811			1,076
Bus Priority 2010-11 (TFL)	50					50	50									50
LIP Cycling/Walking Schemes (TFL)	215					215	215									215
Dagenham Heathway Improvements - Planters	71					71							71			71
Barking Town Centre	119					119	119									119
Retail Premise Improvement Grant		21				21	21									21
Axe Street Housing	136	263				400				400						400
Cycling on Greenways (TFL)	62					62	62									62
Thames View - Detailed Design	10					10	10									10
William Quarter Street - Phase 1	282					282	282									282
Barking Station Forecourt Interim Public Realm Improvements	140					140	140									140
Demolition of Kingsbridge Site	145					145	145									145
Rainham Road Corridor (TFL)	450					450	450									450
Green Lane Corridor (TFL)	345					345	345									345
London Road/North Street Site Acquisitions		1,100	550			1,650							1,650			1,650
Boroughwide Estate Renewal - Decants and Leaseholder Buybacks	718	6,382				7,100							7,100			7,100
NEW BIDS																
Barking Station Interchange		800				800	800									800
Total For Finance & Resources	12,408	15,680	2,530			30,618	10,734		658				1,187	18,039		30,618
GRAND TOTAL	119,888	121,652	37,775	13,884		293,199	146,757		54,762	1,613			22,167	67,900		293,198

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The Prudential Code for Capital Investment in Local Authorities

Prudential Indicators – 2011/12 to 2013/14

1. Introduction

- 1.1. The Prudential Code for Capital Investment commenced on the 1st April 2004. This system replaced the previously complex system of central Government control over council borrowing, although the Government has retained reserve powers of control which it may use in exceptional circumstances. The Code offers significantly greater freedom to authorities to make their own capital investment plans, whereas the previous system restricted authorities to credit approvals controlled by central government.
- 1.2. Within the regime, authorities must have regard to the *Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities*. The principles behind this code are that capital investment plans made by the Council are prudent, affordable and sustainable. The code identifies a range of indicators which must be considered by the Council when it makes its decisions about future capital programme and sets its budget. These prudential indicators have become particularly relevant as the proposals in this report, as the implications are that **the Council has a borrowing requirement** over the period from 2011/12 to 2013/14.

2. The Prudential Indicators

- 2.1. The Prudential Code sets out the information that each Council must consider when making its decisions about future borrowing and investment. This takes the form of a series of "Prudential Indicators".
- 2.2. The Code is a formal statement of good practice that has been developed to apply to all authorities regardless of their local circumstances. In previous years, Barking and Dagenham has been in a debt free position, so the indicators in respect of borrowing were not relevant. However, capital expenditure plans for 2011/12 to 2013/14 as proposed in this report, will now give arise to a net borrowing requirement for the Council. This has an impact on affordability on the revenue budget, both in terms of **loss of investment income** from reducing capital receipts, and also due to the costs associated with **financing borrowing**.

- 2.3 This appendix sets out the prudential indicators for the London Borough of Barking and Dagenham, based on the revised capital programme for 2011/12 to 2013/14 as detailed in this report.

3. Capital Expenditure

- 3.1 The first prudential indicator sets out **capital expenditure** both for the General Fund, and Housing Revenue Account Expenditure. Table 1 shows the current approved capital programme over the period from 2011/12 to 2013/14.

Table 1: Capital Expenditure (as per Appendix G):

	2011/12	2012/13	2013/14
	£'000	£'000	£'000
HRA	33,895	13,500	13,500
General Fund	87,757	24,275	384
Total	121,652	37,775	13,884

- 3.3 The capital programme for future years has been subject to a fundamental review. The elements here relate to the funding of Housing Futures, significant regeneration projects, investment in highways maintenance, investment in schools and the Becontree Heath Leisure Centre. The other schemes will be financed from a mixture of existing resources, external funding, “self financing” (i.e. revenue cost savings fund the cost of borrowing) and other schemes that will give rise to borrowing.
- 3.4 A full list of projects are detailed in **Appendix G** to this report.

4. Financing Costs

- 4.1 The prudential code requires Councils to have regard to the financing costs associated with its capital programme.
- 4.2 The prudential indicator for its financing costs calculated based on the interest and repayment of principle on borrowing, less interest received from investments.

Table 2 shows the following for the period from 2011/12 to 2013/14:

- The Council’s Net Revenue Streams for both the General Fund and the Housing Revenue Account;
- Financing Costs for these two funds; and
- The ratio of Net Revenue Streams to Financing Costs, based on capital expenditure shown in Table 1.

Table 2: Financing Costs (Prudential Indicator)

	2011/12	2012/13	2013/14
	£'000	£'000	£'000
Net Revenue Stream			
HRA	93,294	98,687	101,863
General Fund	183,381	183,381	183,381
Financing Costs			
HRA	3,431	3,305	3,305
General Fund	14,610	17,217	18,376
Ratio			
HRA	3.70%	3.30%	3.24%
General Fund	8.00%	9.40%	10.02%

- 4.3 This shows the impact of falling interest receipts and borrowing costs as a result of spending on the capital programme.
- 4.4 Financing costs in the HRA relate to the Major Repairs Allowance, which is a government subsidy from the Department for Communities and Local Government (DCLG). This is an estimated figure for future years; these figures are confirmed by the DCLG during the year.
- 4.5 Financing costs can also be shown with reference to their impact on Council Tax and Housing Rents. This shows the additional Council Tax burden for Band D from financing. This is set out in Table 3.

Table 3: The Impact of Capital Programme on the Council Tax and Housing Rents (Prudential Indicators)

	2011/12	2012/13	2013/14
	£	£	£
For Band D Council Tax	277	327	349
For average Housing Rents	0	0	0

- 4.6 The impact on Council Tax represents the cost of financing the capital programme in relation to the tax-base.
- 4.7 As a consequence of the absence of debt and the Government's policy on rent restructuring the capital programme has a minimal impact on future rents. There are no borrowing costs and the revenue contribution to capital expenditure is set according to the rent levels that are established by the rent restructuring regulations.

5. Capital Financing Requirement

- 5.1 The Prudential Code requires the Council to measure its underlying need to borrow for capital investment by calculating its **Capital Financing Requirement**.
- 5.2 The capital financing requirement identifies the level of capital assets on an authority's balance sheet, and compares this to the capital reserves to see how much of these assets have been "funded". The difference is the level of debt that the authority has to repay in the future, or the "capital financing requirement".

Table 4: Capital Financing Requirement (Prudential Indicator)

	2011/12	2011/12	2013/14
	£'000	£'000	£'000
Housing Revenue Account (HRA)	(3,952)	(3,952)	(3,952)
General Fund	210,175	226,161	239,045
Capital Financing Requirement	206,223	222,209	235,093

- 5.3 Capital expenditure is planned either to be funded from capital receipts, through external funding, or through borrowing. This therefore gives rise to an **underlying borrowing requirement of £206m** by March 2012, as shown above, **£222m** by the March 2013, and **£235m** by the end of 2013/14, the period over which the capital programme report covers.

6. Summary Assessment

- 6.1 The Prudential Indicators as laid out in this report show the impact of capital investment decisions for the period from 2011/12 to 2013/14.
- 6.2 These figures demonstrate that, while proposed changes to the capital programme have had financial implications on the Council, they have been made having taken into account the key principles of the CIPFA Prudential Code of **prudence, affordability and sustainability**.
- 6.3 This position will be reported on throughout 2011/12 to account for any changes to decisions on capital investment.

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CUSTOMER										
CUS/SAV/1	Customer services management re-structure	424	Efficiency	1,089	39%	=	=	=	=	Majority of Customer Services savings relate to re-structures in the back office and therefore impact on front line services is minimalised. Consultation to begin Jan / Feb, better procurement could result in improved service. CPZ zones being established could have impact on meeting places, however this will be mitigated by consultation. People with mobility issues will be positively impacted as they will have better access to parking closer to home. Consultation required. Could affect all groups but could have positive impact on customer experience Could affect all groups but mitigated by detailed consultation.
CUS/SAV/2	Redesigning street cleansing operations	200	Efficiency	2,213	9%	=	=	=	=	
CUS/SAV/3	Passenger Transport - remodelling of services	1,119	Efficiency	4,509	34%	+ ve	+ ve	=	=	
CUS/SAV/4	Environmental & Trading Standards	150	Efficiency	1,331	11%	=	=	=	=	
CUS/SAV/5	Parks & open spaces	370	Service Redesign	2,981	12%	=	=	=	=	
CUS/SAV/6	Street Scene - Parking	1,040	Income	2,615	42%	+ ve	=	=	- ve	
CUS/SAV/7	Street Scene - Call Outs	75	Efficiency	157	48%	=	=	=	=	
CUS/SAV/8	Street Scene - Depot	48	Efficiency	127	38%	=	=	=	=	
CUS/SAV/9	Street Scene - Road Safety	54	Service Redesign	380	14%	=	=	=	=	
CUS/SAV/10	Housing Advice Proforma Restructure	75	Efficiency	1,509	8%	=	=	=	=	
CUS/SAV/11	Housing Advice Re-align Recharges to HRA	150	Income	1,273	12%	=	=	=	=	
CUS/SAV/13	Environment reduction in staff post	30	Service Redesign	1,089	7%	=	=	=	=	
CUS/SAV/14	Revenues and benefits head of service post	85	Efficiency	2,158	5%	=	=	=	=	
CUS/SAV/15	Housing Advice Reduce subsidy gap	200	Efficiency	8,276	4%	=	=	=	=	
CUS/SAV/28	Temporary Accommodation Re-design	400	Service Redesign	-	0%	=	=	=	=	
Total		4,264		73,137	11%					
FINANCE & RESOURCES										
FIN&RES/SAV/1	Human Resources - Staffing Review	306	Service Redesign	2,949	10%	=	=	=	=	Savings in Finance and Resources relate, in the main, to back office, management and support services and therefore will have no impact on front line services.
FIN&RES/SAV/2	Asset & Capital Delivery Staffing Reductions inc Capital staff	825	Service Redesign	6,477	22%	=	=	=	=	
FIN&RES/SAV/3	Marketing and comms review	554	Service Redesign	1,601	50%	=	=	=	=	
FIN&RES/SAV/4	Rationalisation of complaints & FOI's	71	Service Redesign))		=	=	=	=	
FIN&RES/SAV/5	Rationalisation of Legal practice	470	Service Redesign	3,690	20%	=	=	=	=	
FIN&RES/SAV/6	Rationalisation of Democratic Services	197	Service Redesign))		=	=	=	=	
FIN&RES/SAV/7	PPP review	387	Service Redesign	1,458	39%	=	=	=	=	
FIN&RES/SAV/8	Regeneration & Economic development re-structure	300	Service Redesign	3,798	20%	=	=	=	=	
FIN&RES/SAV/9	Corporate Finance review	497	Service Redesign	4,039	19%	=	=	=	=	
FIN&RES/SAV/10	Audit & Risk	23	Service Redesign	736	3%	=	=	=	=	
FIN&RES/SAV/11	Corporate Director of Resources Post	80	Service Redesign	170	100%	=	=	=	=	
FIN&RES/SAV/12	Reduction in corporate projects	150	Service Redesign	200	175%	=	=	=	=	
FIN&RES/SAV/13	Deletion of total commissioning service	200	Service Redesign	200	100%	=	=	=	=	
FIN&RES/SAV/14	Reduction in Building Schools for Future budgets	650	Service Redesign	1,700	41%	=	=	=	=	
FIN&RES/SAV/15	Misc MWOW & One B&D Savings	186	Service Redesign	-	0%	=	=	=	=	
FIN&RES/SAV/16	Misc Support Services non-recurring savings	1,936	Service Redesign	-	0%	=	=	=	=	
Total		2,960		27,018	26%					
LBBB SUB TOTAL										
LBBB Total Prior to JV Savings		16,344		239,512	15%					
JOINT VENTURE										
JV/SAV/1	Initial Savings from the Joint Venture	3,000	JOINT VENTURE	-	-					
CORP/SAV/01	Terms & Conditions Review	1,000	Service Redesign	-	-					
Total		4,000		-	0%					
LBBB TOTAL										
LBBB Total		20,344		239,512	20%					
Cumulatively for the authority the following groups are more adversely affected: - Older people and disabled are more likely to have restricted income, therefore savings implemented by additional charging to users eg meals on wheels, equipment etc will hit these groups harder. - 14-19 age group have a large number of reductions in funding / services that directly affect them. - Reductions in youth funding also means a lot of preventative work could stop, which may have impacts in other areas in the future.										
Savings may have an impact on our ability to support the "Big Society" as this needs investment from LBBB to encourage volunteering. We have retained some capacity building support but will be a risk for the future.										
A large number of the savings related to back office, management and support services, as it was important to protect front line services as much as possible. However future years savings will not be able to hit these areas further without having an impact, as front line staff will need to absorb work previously carried out by support staff.										
General comments: - Consultation continues to be key, where services are changing, they could be for the better but proper feedback will better manage perceptions. - Extensive consultation with schools is needed. A number of duties that LBBB previously carried out which were grant funded have had the grant now paid directly to schools. As this grant is not ringfenced the schools can choose what this money is used for, we therefore need to stress the importance of continuing with the work. - Some savings also relate to charging schools for services that they were not previously charged for - again consultation is vital.										

	2009/10 OUTTURN £'000	2010/11 ORIGINAL BUDGET £'000
Adults & Community Services	67,541	69,978
Children's Services	53,595	60,284
Customer Services	26,041	24,852
Finance & Resources	14,478	13,502
General Finance	2,643	(27,850)
Contingency	0	6,023
Levies & Precepts	7,642	7,983
Dedicated Schools Grant	(2,694)	0
TOTAL	169,246	154,771

2011/12	GROSS BUDGET £'000	RECHARGES £'000	INCOME £'000	NET BUDGET £'000
Adults & Community Services	90,603	(10,052)	(20,655)	59,897
Children's Services	87,716	(1,975)	(33,700)	52,041
Customer Services	196,187	(24,982)	(157,663)	13,542
Finance & Resources	65,619	(39,077)	(4,547)	21,996
General Finance	4,132	0	20,251	24,383
Contingency	2,834	0	0	2,834
Levies & Precepts	8,689	0	0	8,689
Dedicated Schools Grant	158,351	0	(158,351)	0
TOTAL	614,131	(76,086)	(354,664)	183,381

NOTES:

Departmental Budgets are Subject to Change

DSG Budget figures are to be confirmed

	2011/12 Budget		Increase
	£'000	£'000	%
Original 2010/11 Budget	154,771		
Removal of ABG	21,967		
Removal of Specific Grants	22,406		
Revised 2010/11 Budget		199,144	
Changes in Support Costs	3,516		
		3,516	
2012/12 Base Budget		202,660	
Member Approved Decisions	5,412		
New MTFS Items	3,963		
Savings	(26,921)		
Other Adjustments	(1,733)		
		(19,279)	
Less:			
Formula Grant	(105,424)		
Specific Grants	(20,067)		
Council Tax Freeze Grant	(1,315)		
NHS Grant	(2,432)		
New Homes Grant	(355)		
Collection Fund Surplus	(200)		
		(129,793)	
Council Tax Requirement		53,588.30	
Council Tax Base (Equivalent Band D Requirement)		52,723.7	
Overall Council Tax - Band D equivalent			
London Borough of Barking & Dagenham		1,016.40	0.00%
Greater London Authority (subject to confirmation)		309.82	0.00%
		1,326.22	0.00%

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**CABINET 15 FEBRUARY 2011 – FOR REFERRAL TO ASSEMBLY MEETING 23
FEBRUARY 2011**

STATUTORY BUDGET DETERMINATIONS

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

1. That it be noted that at its meeting on 21 December 2010 the Cabinet calculated the amount of 52,732.7 as its Council Tax Base for the year 2011/2012 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992.

2. That the following amounts be now calculated by the Council for the year 2011/2012 in accordance with Sections 32 to 36 of the Local Government and Finance Act 1992:-

(a)	£538,045,219	being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act
(b)	£354,663,919	being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act
(c)	£183,381,300	being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year
(d)	£129,792,000	being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant reduced by the amount of the sums which the Council estimates will be transferred in the year from its General Fund to its Collection Fund in accordance with Section 97(3) of the Local Government Finance Act 1988 and further increased by the amount of any sum which the Council estimates will be transferred from its Collection Fund to its General Fund pursuant to the directions under Section 98(4) of the Local Government Finance Act 1988 made on the 7th February 1994
(e)	£ 53,588,300	being the amount at 2(c) above less the amount at 2(d) above, all divided by the amount at 1 above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year
(f)		Valuation Bands

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

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

3. That it be noted that for the year 2011/2012 the Greater London Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:-
Precepting Authority: Greater London Authority

Valuation Bands

A	B	C	D	E	F	G	H
£206.55	£240.97	£275.40	£309.82	£378.67	£447.52	£516.37	£619.64

4. That, having calculated the aggregate in each case of the amounts at 2(f) and 3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2011/2012 for each of the categories of dwellings shown below:-

Valuation Bands

A	B	C	D	E	F	G	H
£884.15	£1,031.50	£1,178.87	£1,326.22	£1,620.94	£1,915.65	£2,210.37	£2,652.44

CABINET

15 FEBRUARY 2011

REPORT OF THE LEADER OF THE COUNCIL

Title: Olympics – Host Borough Membership	For Decision
<p>Summary:</p> <p>In 2006 an Agreement (the Inter Authority Agreement) was entered into between the five Olympic Host Boroughs for the 2012 Olympic and Paralympic Games (the London Boroughs of Hackney, Greenwich, Newham, Tower Hamlets and Waltham Forest) to foster and develop co-operative joint working and secure local benefits and a sustainable legacy from the Olympic Games.</p> <p>To strengthen the partnership working, the respective Executives of the five Host Boroughs in June/July 2009 each gave their approval to the establishment of a Joint Committee to facilitate the discharge of executive functions regarding joint arrangements in respect of the Games and legacy, as set out in an agreed Memorandum of Understanding and Terms of Reference.</p> <p>Discussions between the Leaders and Mayors of the five Host Boroughs have been going on for a few months with a view to including the London Borough of Barking and Dagenham as a sixth Host Borough.</p> <p>These discussions have suggested that the position of the five Host Boroughs would be developed and strengthened by the inclusion of the London Borough of Barking and Dagenham as a sixth Host Borough and proposals are being submitted before the executives of each Host Borough to make amendments to the current Joint Committee arrangements to enable the London Borough of Barking & Dagenham to formally become a member of the new Joint Committee from 1 April 2011.</p> <p>This report seeks Cabinet approval of the recommendations below to enable the London Borough of Barking & Dagenham to formally become a member of the new Joint Committee from 1 April 2011.</p> <p>Wards Affected: All</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to agree:</p> <ol style="list-style-type: none"> 1. Agree that the London Borough of Barking and Dagenham joins and participates as a member of a Joint Committee of the Six Host Boroughs for the 2012 Olympic and Paralympic Games with effect from 1 April 2011, subject to approval of same by all the current Host Boroughs; 2. Agree that the London Borough of Barking and Dagenham i) enters into and signs up to the revised Memorandum of Understanding, the revised Inter Authority Agreement and any other necessary documents to be entered into between the Six Host Boroughs and ii) delegate power to the Chief Executive to do everything and 	

give effect to any matter necessary to achieve their objectives.;

3. Agree the Terms of Reference specified in Appendix 1 to the Memorandum of Understanding or any amended version thereof;
4. Agree that all executive powers, duties and functions required to be executed by the London Borough of Barking and Dagenham to facilitate the objectives of the Host Boroughs in connection with the Games and their legacy, are delegated to and be discharged by the Joint Committee with effect from 1 April 2011;
5. Nominate two (Cabinet) Members to be the Council's representatives on the Joint Committee;
6. Nominate two (Cabinet) Members to be the Council's substitute representatives on the Joint Committee.

Reason(s)

To enable the London Borough of Barking & Dagenham to formally become a member of the new Joint Committee from 1 April 2011.

Comments of the Chief Financial Officer

The funding will come from existing Council budgets.

Comments of the Legal Partner

This report was prepared jointly with the Legal Partner and incorporates all the legal issues and implications and more particularly in section 4 below.

Head of Service: Paul Hogan	Title: Head of Leisure and Arts, Adult and Community Services	Contact Details: Tel: 020 8227 3576 E-mail: paul.hogan@lbbd.gov.uk
Cabinet Member: Councillor Liam Smith	Portfolio: Leader's Portfolio	Contact Details: Tel: 020 8724 8448 E-mail: liam.smith@lbbd.gov.uk

1. Background

- 1.1 On 31 August 2006, the London Boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest entered into an Inter-Authority Agreement to work together to develop and implement a co-ordinated programme of activities and issues that arise as a result of the 2012 Olympic and Paralympic Games, for the purposes of securing local benefits and a sustainable legacy for the geographical areas of the five Boroughs. The Inter-Authority Agreement is attached to this report as Appendix A.

- 1.2 The Agreement sought to facilitate strategic and operational coherence to the collaborative work of the Boroughs in relation to the Games and to aid that, a Central Joint Borough Unit was established and the pooling and sharing of costs was agreed whereby each Borough would pay an agreed annual contribution for the currency of the Agreement.
- 1.3 As envisaged in the Agreement, the Chief Executives of each of the five original member Boroughs met regularly, as have the Leaders and Mayors, and matters of mutual and collective interest were considered. As these arrangements became established within the Boroughs and with external organisations, the Boroughs formalised their arrangements and established a Joint Committee to exercise specific executive functions in relation to the Games.
- 1.4 A Memorandum of Understanding was entered into covering the proposed arrangements, structure and Terms of Reference of the Joint Committee. The Memorandum of Understanding is attached to this report as Appendix B and the Terms of Reference are appended thereto as its Appendix 1.
- 1.5 Successful so far and recognised by Government as integral to the future legacy of East London, discussions between the Leaders and Mayors of the five Host Boroughs have suggested that their position would be developed and strengthened by the inclusion of the London Borough of Barking and Dagenham as a sixth Host Borough.
- 1.6 Although involved on an informal basis since September 2010, negotiations between the London Borough of Barking and Dagenham and the original five Host Boroughs were delayed by last year's election but council officers during that time were being invited to participate in meetings and events with the five Host Boroughs. Barking and Dagenham is now integrated into all of the work streams of the Host Boroughs, including the Monthly Host Borough's Leaders and Mayors Meetings and the fortnightly Host Borough's Chief Executive meetings.
- 1.7 The inclusion of London Borough Barking and Dagenham as a sixth Host Borough would reflect the Host Boroughs' same broad base in terms of socio economic need and the convergence targets as set out in the Host Boroughs Olympic and Paralympic Legacy Strategic Regeneration Framework. Indeed the Mayor of London and the Government have recognised the added value of the inclusion of London Borough Barking and Dagenham as part of the legacy arrangement and the 'sixth' Host Borough is already referred to in the Department for Culture, Media and Sport's Plans for the Legacy from the 2012 Olympic and Paralympic Games , as published on 20 December 2010

2. Proposal

- 2.1 Proposals are being submitted before the Executives of each of the five existing Host Boroughs to make amendments to the current Joint Committee arrangements to enable the London Borough of Barking & Dagenham to formally become a member of the new Joint Committee from 1 April 2011. The Executives of the Host Boroughs are being asked to approve the disestablishment of the existing Joint Committee of the five Host Boroughs for the 2012 Olympic and Paralympic Games, and the establishment of a new Joint Committee of six Host Boroughs, to incorporate the London Borough of Barking and Dagenham as a sixth Host Borough

and to make the necessary arrangements to the existing Joint Committee arrangements and related Memorandum of Understanding to take effect from 1 April 2011.

- 2.2 This report is being submitted to Cabinet to approve the recommendations set out above, to enable the London Borough of Barking & Dagenham to formally become a member of the new Joint Committee from 1 April 2011.

3. The Joint Committee

It is proposed that Barking and Dagenham joins the current five Host Boroughs as the sixth Host Borough member of the new re-established Joint Committee. Key features of the existing Joint Committee are set out below.

3.1 Membership

- 3.1.1 The Joint Committee currently comprises 10 members, two nominated by the executive of each Host Borough, one of whom is the Borough's Leader/Mayor. The current Chair is the Mayor of Newham. With the inclusion of the London Borough of Barking and Dagenham, membership will increase to 12 members.
- 3.1.2 Given that only executive functions are exercised by the Joint Committee, all the current second members are Executive members, although the law does enable the appointment of non- Executive members when the Joint Committee comprises five or more authorities.
- 3.1.3 In order to ensure that each Borough is fully represented at every meeting of the Joint Committee each Borough appoints up to two substitute members who may attend, speak and vote in place of a full member nominated by that Borough if the latter is unable to attend.
- 3.1.4 The maximum term of office for any nomination may not exceed a Member's remaining term in office.

3.2 Sub-Committees

- 3.2.1 The Joint Committee can establish decision making sub-committees to discharge specific functions and any sub-committee established by the Joint Committee comprises one Member from each Borough.

3.3 Quorum and Voting

- 3.3.1 The requirement for a quorum for meetings of the Joint Committee is at least one Member from each Borough to ensure that decisions affecting any particular Borough are not taken without that Borough being represented at the meeting.
- 3.3.2 Pursuant to Schedule 12 to the Local Government Act 1972, the determination of questions before the Joint Committee must be made by a majority of those present and voting.

3.3.3 All prospective items of business for the Joint Committee or any sub-committee are initially considered by the Chief Executive's Board and only included on the agenda with the agreement of each of the Borough Chief Executives.

3.3.4 The Chair of the Joint Committee or sub-committee has the capacity to assess the feeling of the meeting and if it appears to him that unanimity of voting will not be achieved he may propose that the matter be referred back to the Chief Executive's Board for further consideration.

3.3.5 Where a decision of the joint committee does not apply to all the Host Boroughs, the delegation of functions to the joint committee will be limited to those Boroughs to which the decision applies so that any Borough to which the decision does not apply retains the capacity to opt out of any decision that it does not wish to participate in or to determine the issue(s) in accordance with its own procedural requirements.

3.4 Delegation to Officers

3.4.1 The Joint Committee or any sub-committee established by it can delegate specific functions to an officer of one of the Host Boroughs, which may be subject to prior consultation and agreement with one or more officers of one or more of the other Boroughs, or subject to prior consultation with the Chair of the Joint Committee or sub-committee as appropriate.

3.5 Constitution and Procedures

3.5.1 As a Joint Committee exercising executive functions of local authorities, the legal requirements in relation to meetings of executives apply. Meetings are held in public unless the Joint Committee resolves to exclude the public to prevent the disclosure of confidential or exempt material.

3.5.2 The Joint Committee has adopted a Constitution and procedure rules to cover all areas of process and conduct.

3.6 Overview and Scrutiny

3.6.1 The Joint Committee is subject to overview and scrutiny requirements. Accordingly, decisions of the Joint Committee are subject to scrutiny and 'call in' by any of the Host Boroughs.

3.6.2 In the event that a decision of the Joint Committee is 'called in' the Chief Executive (or an officer designated by the Chief Executive) for the relevant Host Borough will attend the relevant Overview and Scrutiny Committee, together with one or both of the Members nominated by that Borough to the Joint Committee.

3.6.3 If called-in, a decision of the Joint Committee is held in abeyance pending the outcome of the 'call in', which will be either to concur with the decision, in which case it may be implemented, or to refer it back to the Joint Committee with recommendations for an alternative course of action. To date no decision of the Joint Committee has been called-in and the likelihood of this happening is minimised by the requirements to seek unanimity as mentioned in paragraphs 3.3.1 and 3.3.2.

3.7 Functions

3.7.1 The executive functions discharged by the Joint Committee are set out in Appendix 1 to the Memorandum of Understanding.

3.8 Administration

3.8.1 Under the Inter Authority Agreement the London Borough of Hackney has been and continues to be the lead Host Borough for the employment and management of staff in the Joint Borough Central Unit. The Joint Borough Central Unit is led by its Executive Director who is responsible for day to day management and direction of the Unit, reporting to the Joint Committee through the Chief Executive's Board. Administrative support to the Joint Committee is also provided by Hackney.

3.8.2 As lead Borough, Hackney is responsible for the budget which the Joint Committee will manage, with power to propose variations to the level of contribution by each Borough.

3.8.3 The Chief Executive of Hackney is the Clerk to the Joint Committee.

4. Financial Issues

4.1 Barking and Dagenham will make a financial contribution in line with the other five Host Boroughs of £125,000 for 2011/12 and will make a voluntary contribution of £84,425 for 2010/11 to the costs of the Host Borough Unit.

5. Legal Issues

5.1 In accordance with the provisions of the Local Government Acts of 1972 and 2000 and subsequent Regulations, the individual Boroughs each agreed to establish the Joint Committee, clothing it with the power to discharge executive functions.

5.2 The Local Government Act 1972 (Section 101) makes provision for two or more local authorities to discharge any of their functions jointly and through a joint committee established by the authorities.

5.3 Any joint committee can itself establish a subcommittee to discharge any of its functions or delegate functions to an officer and a subcommittee established by a joint committee may delegate functions to an officer.

5.4 Appointments to the joint committee are made under Section 102(1)(b) and the establishment of the joint committee is governed by regulations issued under Section 20 of the Local Government Act 2000.

5.5 The Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000, make provision for the discharge of executive functions by a joint committee and further provides for executive appointments to a joint committee.

5.6 The Regulations also provide that where the Executive is responsible for deciding on the appointment of members to a joint committee, an Executive Member must be

appointed to the joint committee and the political balance requirements do not apply.

5.7 Further, where a joint committee is discharging a function in relation to five or more local authorities and the Executive is responsible for deciding on the appointment of members, both executive and non-executive members may be appointed to the joint committee by the executive and the political balance requirements do not apply.

5.8 It is proposed that the Joint Committee should exercise only executive functions and thus approval of the arrangements, delegation of functions to be discharged by the Joint Committee and the appointment of Members to the Joint Committee can be effected by the Executive of each authority. It is therefore appropriate that, as has happened in the past in all the Host Boroughs, and as is proposed in this report, that the decision to join the Joint Committee should be made by the Cabinet.

6 Other Implications

7 Risk Management

7.1 There are not considered to be any meaningful risks associated with the proposal.

8 Safeguarding Children

9 Health Issues

10 Crime and Disorder Issues

10.1 The Games bring enormous opportunity to the region, but in addition it is likely that more crime and anti-social behaviour will emerge in the run up and also during the Games themselves. Membership on the Joint Committee will ensure that the issues of concern in Barking and Dagenham are not overlooked and that the Borough can influence regional resources to ensure that any emerging needs are met.

11 Property / Asset Issues

12 Options appraisal

13 Background Papers Used in the Preparation of the Report:

List of Appendices:

Appendix A Inter Authority Agreement

Appendix B Memorandum of Understanding between the Host Boroughs including the Terms of Reference appended thereto as Appendix 1.

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LONDON BOROUGH OF HACKNEY
LONDON BOROUGH OF GREENWICH
LONDON BOROUGH OF NEWHAM
LONDON BOROUGH OF TOWER HAMLETS
LONDON BOROUGH OF WALTHAM FOREST

FIVE BOROUGHES OLYMPIC PROGRAMME

INTER AUTHORITY AGREEMENT

THIS AGREEMENT is made the 19th March 2010 between

1. The Mayor and Burgesses of the London Borough of Hackney, Town Hall, Mare Street, London E8 1EA ("Hackney")
2. The Mayor and Burgesses of the London Borough of Greenwich, Town Hall, Wellington Street, Woolwich, London SE18 6PW ("Greenwich")
3. The Mayor and Burgesses of the London Borough of Newham, Town Hall, Barking Road, East Ham, London E6 2RP ("Newham")
4. The Mayor and Burgesses of the London Borough of Tower Hamlets, Town Hall, Mulberry Place, 5 Clove Crescent, London E14 2BG ("Tower Hamlets")
5. The Mayor and Burgesses of the London Borough of Waltham Forest, Town Hall, Forest Road, Walthamstow, London E17 4JF ("Waltham Forest")

(hereinafter jointly referred to as "the Five Boroughs")

BACKGROUND

- (a) The Parties are desirous to ensure that they work together to secure local benefits and a sustainable legacy from the Olympic and Paralympic Games which shall be held in London in 2012.
- (b) The Parties are the Five London Boroughs which have joined together to develop and implement a coordinated Olympic programme (hereinafter referred to as the Five Borough Olympic Programme (FBOP)) which shall secure the desired local benefits and sustainable legacy for the geographical areas comprising the Five Boroughs.
- (c) The Parties wish to establish an Olympic Joint Borough Central Unit (OJBCU) which shall deliver the FBOP including all matters associated therewith.
- (d) The Parties have established a Joint Committee on the basis of the Memorandum of Understanding (MOU) attached to this Agreement as Appendix A. The Joint Committee's Terms of Reference are set out as Appendix One to the MOU.

IT IS HEREBY AGREED as follows:-

1. DEFINITIONS AND INTERPRETATION

- 1.1 Words importing the singular shall include the plural and vice versa. Words importing any gender shall include all genders and words importing

- persons shall include bodies incorporate, unincorporated associations and partnerships.
- 1.2 Clause headings are inserted for reference only and shall not affect the interpretation or construction of this Agreement.

- 1.3 In this Agreement, the following words and expressions have the following meanings

Annual budget	Shall mean the aggregate of all sums paid each Financial Year by each of the Parties
Annual Contribution	Shall mean the sum paid each Financial Year by each of the Parties in accordance with paragraph 9.2
Chief Executives' Board	Shall mean the meetings of the Chief Executives of each of the Parties or their nominees in accordance with paragraph 10.1
Executive Mayor	Shall mean a Mayor elected in accordance with the Mayor and Cabinet and Cabinet model of executive functions set out in Section 11(2)(a) of the Local Government Act 2000
Financial Year	Shall mean 1 April – 31 March
Five Boroughs	Shall mean the London Boroughs of Hackney, Greenwich, Newham, Tower Hamlets and Waltham Forest
Five Borough Olympic Programme (FBOP)	Shall mean the programme agreed by the Parties to deliver sustainable benefits for the Parties in accordance with this Agreement
Initial Activities	Shall mean the activities identified in paragraph 7.4 by the Parties for delivery via this Agreement
Joint Committee	Shall mean the Joint Committee established by the Five Boroughs in accordance with the MOU attached as Appendix A to this Agreement

Lead Borough	Shall mean one of the Parties to this Agreement which shall take on the lead responsibility for delivering particular activities as from time to time is identified, defined and agreed under the Agreement
MOU	Shall mean the Memorandum of Understanding attached to this Agreement at Appendix A.
Olympic and Paralympic Games	Shall mean the Games organised by the International Olympic Committee in conjunction with the London Organising Committee for the Olympic Games in 2012
Olympic Joint Borough Central Unit (OJBCU)	Shall mean the staff required to deliver the FBOP as shall be agreed by the Parties
The 2012 Games	Shall have the same meaning as the Olympic and Paralympic Games
The Parties	Shall mean the Mayor and Burgesses of the London Boroughs of Hackney, Greenwich, Newham, Tower Hamlets and Waltham Forest

2. **CONSIDERATION**

- 2.1 In consideration of the mutual agreements set out herein the Parties have granted the rights and accepted the obligations set out herein.

3. **ENABLING POWERS**

- 3.1 This Agreement is made pursuant to Sections 101(5), and 113(1) of the Local Government Act 1972. Section 1(1)(b) of the Local Authorities (Goods and Services) Act 1970 and Section 2 of the Local Government Act 2000 (and all the other enabling powers).
- 3.2 It shall be the responsibility of each Party to ensure they have the necessary delegations and decisions in place to give effect to this Agreement and by the act of entering into this Agreement have confirmed each of the Five Boroughs has met the requirements of this Clause 3.2.
- 3.3 The general terms of the MOU were considered and approved by the Executive of each of the Five Boroughs on the dates specified in Appendix A. The Chief Executive for each of the Five Boroughs acting under delegated authority signed and agreed the MOU including Appendix One to the MOU on the dates specified in Appendix A.

4. **COMMENCEMENT**

- 4.1 This Agreement shall commence from the date hereof and shall continue until 31 December 2014 unless earlier terminated in accordance with paragraph 11.1 or 11.4.

5. **OBJECTIVES**

- 5.1 The main purpose of establishing the arrangements set out in this Agreement is for the Five Boroughs to collaborate on and coordinate a range of activities and issues that arise as a result of the Olympic and Paralympic Games which shall be held in London in 2012 for the purposes of:
- 5.1.1 Securing local benefits and sustainable legacy for the geographical areas of the Five Boroughs.
 - 5.1.2 Securing the long-term benefits for the functions carried out and services provided by the Five Boroughs howsoever provided including collectively, individually or in partnership with others.
 - 5.1.3 Giving strategic and operational coherence to the collaborative work of the Five Boroughs in relation to the 2012 Games.
 - 5.1.4 Establishing and facilitating the implementation of an Olympics development programme for the Five Boroughs which ensures local benefit and sustainable legacy.
 - 5.1.5 Pooling and sharing costs arising out of this Agreement equally amongst the Five Boroughs in order for a collaborative programme to be developed and implemented and
 - 5.1.6 Such other objectives as the Five Boroughs jointly agree are conducive to the joint working arrangements under this Agreement.
- 5.2 Such objectives as set out in accordance with paragraphs 5.1.1 to 5.1.6 above shall collectively be referred to as the Five Borough Olympic Programme (FBOP) and may be amended and varied from time to time as agreed in accordance with paragraph 7.2 of this Agreement.

6. **JOINT BOROUGH UNIT**

- 6.1 The Parties shall establish an Olympics Joint Borough Central Unit the purpose of which shall be to develop and manage the FBOP.
- 6.2 The OJBCU shall be accountable to the Five Boroughs for the FBOP and shall on request provide reports to and/or attend meetings of each or any of the Five Boroughs including but not limited to their respective scrutiny commissions.

7. POWERS

- 7.1 The OJBCU shall not have any delegated powers other than those expressly set out in this Agreement or as may be agreed between the Parties in accordance with the procedure for agreement set out in paragraph 7.2 below. Anything undertaken by the OJBCU which cannot be delivered directly by the OJBCU or which shall require contractual or other arrangements to be entered into to deliver the FBOP shall be undertaken through one of the Parties who shall be identified in accordance with the procedure for agreement as set out in paragraph 7.2 below, to act as the Lead Borough on that particular activity, or as may be delegated to it by the Joint Committee.
- 7.2 Unless otherwise specified in the Agreement the procedure for agreement shall require the consensus of all Parties through the Chief Executives of the Five Boroughs who shall either reach agreement at the Chief Executives' Board or in writing. Once consensus has been reached by the Chief Executives' Board or in writing if necessary, the decision shall be referred to the next available Joint Committee meeting which shall confirm the decision. In the event of non-confirmation by the Joint Committee, the matter shall be referred back to the Chief Executives' Board for reconsideration.
- 7.3 The Parties shall agree in accordance with the procedure for agreement in paragraph 7.2 what activities shall be undertaken, which of those activities can be delivered directly by the OJBCU and which shall be delivered by one of the Parties acting as Lead Borough. Where delivery shall be by a Lead Borough the Parties shall agree which of them shall take the Lead Borough role and what resources (if any) need to be sourced and the estimated costs to be met in accordance with Clause 9 of the Agreement for that activity.
- 7.4 The Parties have agreed that the following areas of activity shall be the initial activities to be undertaken:-
- 7.4.1 To recruit, appoint and determine the engagement or secondment of staff and advisers who shall be the OJBCU upon such terms and conditions of service as the Parties consider necessary or desirable for the purpose of implementing the objectives. Save nothing in this paragraph 7.4.1 shall apply to the recruitment of the Executive Director which shall be dealt with in accordance with paragraph 8.4.1 below.
- 7.4.2 To manage the Annual Budget, receive income, pay out expenses and reimburse costs of agreed activities in accordance with an agreed programme of activity and cost.
- 7.4.3 To recruit an Executive Director to lead and manage the OJBCU.
- 7.4.4 To line manage the Executive Director and staff and advisers who shall make up the OJBCU.

- 7.5 Subsequent to the Five Boroughs entering into the Inter Authority Agreement on 31 October 2006, the Parties determined to establish the Joint Committee in accordance with and for the purposes set out in the MOU attached at Appendix A to this Agreement.
- 7.6 Additional activities to those set out in paragraphs 7.4.1 – 7.4.4 above shall be agreed between the Parties in accordance with the procedure for agreement set out in paragraph 7.2 above. All additional activities agreed by the Five Boroughs shall be evidenced in writing against this Agreement.

8. LEAD BOROUGH ARRANGEMENTS

- 8.1 Where necessary a Lead Borough shall be identified from amongst the Parties to implement any necessary activities under this Agreement.
- 8.2 It is agreed that the initial activities in relation to paragraph 7.4.1 (appointment of staff) should be undertaken by Hackney. For the purposes of paragraph 7.4.1 Hackney will be the lead borough and employer and will subject to the provisions contained in this Agreement be responsible for the terms and conditions and day to day management of Staff engaged in accordance with this Agreement.
- 8.2.1 In discharging its Lead Borough role, Hackney shall ensure that any and all staff engaged except for seconded staff will be paid and employed by Hackney in accordance with Hackney standard terms and conditions of employment and appropriate Local Government Remuneration for such positions, subject to the parties obligations towards Hackney in respect of such appointments as set out in this Agreement.
- 8.2.2 In discharging its role as employer of staff engaged in relation to paragraph 7.4.1 it is agreed that Hackney will provide and manage staff in accordance with an appropriate job description the contents of which will be agreed between the Parties. It is further agreed that whilst Hackney will consult with the other parties to this Agreement (at such times agreed between them) as to performance of staff engaged pursuant to paragraph 7.4.1 against any agreed targets and the ongoing performance of such staff it will be for Hackney acting as employer to supervise and take any appropriate actions as employer in relation to staff concerned.
- 8.2.3 Hackney will submit an account of the costs of all staff engaged in accordance with paragraph 7.4.1. Such account must be agreed by at least 2 of the Parties (not including Hackney) to this Agreement within at least 30 days of Hackney submitting the account for the account to fall due. Reimbursement shall be made to Hackney from the Annual Budget within 30 days of the account being agreed in accordance with this paragraph.
- 8.2.4 Hackney will only be reimbursed in accordance with a schedule of posts and salaries that have previously been agreed, by all the Parties, through the procedure for agreement set out in paragraph 7.2 above.

- 8.2.5 Hackney shall be reimbursed the cost of employer's pension contributions, ill health retirements, early retirements, redundancies or buy out costs falling on it as employing Authority, redundancy in accordance with this Agreement in the event that any of the staff engaged in accordance with paragraph 7.4.1 become so entitled. Such sums shall be met in equal parts by each of the Parties insofar as they are not provided for in the Annual Budget. However, no such payment shall be due in the event that liability for the payment is over and above that which each borough to this Agreement is required to contribute and such extra cost is as a result of any avoidable negligent act or omission (determined at law) by Hackney.
- 8.3 In discharging the Annual Budget as outlined in paragraph 7.4.2 it is agreed that the Lead Borough shall be Hackney.
- 8.3.1 In discharging the Annual Budget activity Hackney will adopt standard Local Government financial control practices and principles as shall apply from time to time.
- 8.3.2 For each Financial Year Hackney will produce an Annual Budget for agreement at a Chief Executives' Board and for consideration by the Joint Committee in advance of the Financial Year start and by no later than 1 March in any year which shall cover all aspects of the agreed activity to meet the FBOP and a cash flow statement.
- 8.3.3 Hackney will produce where practicable a statement of expenditure and income and financial commitments for every Chief Executives' Board or where not practicable at a minimum frequency of every three months from the commencement of this Agreement.
- 8.3.4 Hackney will reimburse agreed and approved items of expenditure as submitted in accordance with paragraph 8.5
- 8.4 Tower Hamlets will be the Lead Borough for the purposes of paragraph 7.4.3 (recruitment of the Executive Director to the OJBCU). The appointment shall be by way of the process set out in paragraph 8.4.1 below.
- 8.4.1 Tower Hamlets will act as client for the recruitment process for the Executive Director to the OJBCU and secure the appointment to Hackney on such terms and conditions as are agreed by a majority of the Parties. The selection process shall be in accordance with Hackney's procedures. The other Parties to this Agreement shall be entitled to provide advisers or observers to the selection process as are agreed by Hackney.
- 8.4.2 Tower Hamlets will submit a statement of costs for the activity required by paragraph 7.4.3 with supporting receipts and documents for reimbursements in accordance with the procedure for reimbursing Lead Borough activity as set out in paragraph 8.5 below.

- 8.5 Subject to the inclusion of sufficient funds in the Annual Budget or under any alternative funding arrangements made under paragraph 7.2 above Hackney will reimburse costs for any Lead Borough activity carried out under this Agreement within 30 days of submission of a statement of expenditure provided that the said statement of expenditure is agreed as reasonable by at least 2 of the Five Boroughs (not including the Party submitting the said statement) such agreement to be provided within 30 days of submission of the statement of expenditure. Such statements of expenditure shall include all relevant proofs and details of expenditure as would ordinarily be expected by an authority acting reasonably.
- 8.6 In the event that additional Lead Authorities are identified for certain activities under this Agreement they shall submit statements of expenditure as required in paragraph 8.5. Payments shall be made in accordance with the procedure set out in paragraph 8.5.

9. **THE ANNUAL BUDGET**

- 9.1 Hackney shall be the Lead Borough responsible for administering the Annual Budget.
- 9.2 Subject to the provisions of paragraph 9.3 each Party will pay an Annual Contribution, the sum of which shall be agreed in accordance with paragraph 7.2 until termination of this Agreement such payments to be made on or before the 30 April in each year starting 2007 until termination of this Agreement.
- 9.3 The first Annual Contribution shall be payable within 30 days of the commencement of this Agreement. Such payment shall be the contribution payable to 31 March 2007. Thereafter the payments particularised in paragraph 9.2 shall fall due.
- 9.4 All agreed costs will be shared equally and be met from the Annual Budget.
- 9.5 Any underspends in any Financial Year will be carried forward unless all Parties agree to be reimbursed. Such agreement to be reached in accordance with paragraph 7.2 above.
- 9.6 Any overspends will be shared in equal parts and further equal contributions made by each of the parties within 30 days of the overspend being determined by the out-turn report provided that such overspend has not arisen due to negligence, breach of this Agreement or authority being exceeded by any of the Parties.
- 9.7 In the event of any overspend or element of overspend caused by negligence, breach of this Agreement or authority being exceeded by any Party to this Agreement, that Party shall be solely responsible for the costs arising.

9.8 The Annual Contribution made under paragraph 9.2 may be increased in line with the rate of inflation in accordance with the annual percentage increase in the Consumer Price Index (CPI) provided a majority of the Parties agree. Any increase in excess of percentage increase in CPI shall require the written unanimous agreement of all Parties and approval in accordance with paragraph 7.2 above.

10. **CHIEF EXECUTIVES' BOARD**

10.1 The Chief Executives for the Five Boroughs shall meet on a regular basis as the Chief Executives' Board and in any event not less than quarterly to review the operation of this Agreement and deal with any matters requiring their attention or approval in accordance with the provisions of this Agreement. The Chief Executives shall be entitled to send a nominee to such meetings to represent them in their absence. Such nominee shall have the same powers as the Chief Executive would have had, had they attended.

11. **TERMINATION AND DISSOLUTION**

11.1 This agreement shall terminate on the 31 December 2014 or on such other date as shall be agreed by all the parties.

11.2 In the event of termination a final account will be drawn up detailing the costs and liabilities arising from such termination. Such costs and liabilities shall include any staffing costs, redundancies and the cost of terminating any formal arrangements entered into.

11.3 Any net costs after deduction of any income or Annual Contributions remaining will be shared equally between the Five Boroughs.

11.4 In the event of one or more of the Five Boroughs wishing to withdraw from this Agreement, but where the FBOP effectively continues then the withdrawing Borough[s] will contribute equally between themselves the net cost of their withdrawal. This will include any resultant redundancy costs, any costs of terminating formal agreements and costs that fall on the remaining Boroughs not able to be defrayed by other action. Any Borough wishing to withdraw shall be required to give 12 months notice of the withdrawal. Such notice period may only be reduced with the written agreement of all non-withdrawing Boroughs.

12. **ENTIRE AGREEMENT**

12.1 This Agreement together with any appendices to it constitutes the entire agreement between the Parties with respect to the matters dealt with therein and supersedes the Inter Authority Agreement dated 31 August 2006 between the Parties in relation to such matters.

12.2 For the avoidance of doubt the terms of the MOU and Appendix One thereto shall be incorporated as part of this Agreement.

13. **NO PARTNERSHIP**

13.1 Nothing in this Agreement shall constitute or be deemed to constitute a partnership between any of the Parties and except as expressly provided herein none of the Five Boroughs shall have any authority to bind the others in any way save as permitted by this Agreement.

14. **INSURANCE**

14.1 The Lead Boroughs for the purposes of employing the staff under paragraph 8.2 above shall, unless the Parties agree otherwise in accordance with the procedure for agreement set out in paragraph 7.2, be the Lead Borough on insurance and insurable risks and shall, if one or more of the Parties are satisfied their current insurance cover is not sufficient, effect either jointly for the benefit of the parties or for the relevant Lead Borough Employers, Public, Professional, Motor Contingency liability insurance and other such insurances the Parties agree to be appropriate and necessary in order to protect the liabilities and assets of the Five Boroughs.

14.2 The Lead Borough in accordance with paragraph 14.1 shall on request by one or more of the other parties provide evidence of effecting such insurance including premiums together with advise and guidance to the Five Boroughs and the OBJCU on insurance and related matters insomuch as they are pertinent and relevant to the obligations and liabilities contained in this Agreement.

15 **INDEMNITIES**

15.1 The Parties hereto agree to indemnify the Lead Boroughs against any costs, losses, liabilities and proceedings which the Lead Boroughs may suffer as a result of or in connection with its obligations hereunder provided and to the extent that such costs, losses, liabilities and proceedings over and above that which each borough to this Agreement is required to contribute and such extra costs are not due to any avoidable negligent act or omission (determined at law) of the Lead Borough or breach by the Lead Borough of its obligations hereunder. Any payments made to the Lead Borough under this paragraph 14.1 shall be met from the Annual Budget or in equal parts by each of the parties insofar as they are not provided for in the Annual Budget.

15.2 Any Lead Borough appointed hereunder shall indemnify the other Parties against any costs, losses, liabilities and proceedings over and above that which each borough to this Agreement is required to contribute and such costs which the other Party or Parties may suffer as a result of or in connection with any breach of the Lead Borough's obligations hereunder and/or any avoidable negligent act or omission (determined at law) in relation thereto.

15.3 Each borough to this Agreement shall inform the other boroughs at the earliest opportunity of any issue or matter or legal process or proceedings which may affect the Five Boroughs obligations under this Agreement.

16. **WAIVER**

- 16.1 No failure to exercise and no delay in exercising on the part of any of the Parties any right power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right power or privilege preclude any other or further exercise thereof or the exercise of any other right power or privilege.

17. **EXECUTION**

- 17.1 This Agreement is executed by each Party [by executing as a Deed] the annexed Memorandum of Participation on behalf of that Party and such Memorandum of Participation shall be evidence of execution by that Party when Memoranda executed by all the Parties are incorporated into this Agreement.

18. **DISPUTE RESOLUTION**

- 18.1 Any dispute or difference arising out of or connected with this Agreement shall be identified by written notice from one Party to the other Party or Parties in dispute who shall within 7 working days (or such date agreed by all Five Boroughs to this Agreement) of the notice meet to attempt in good faith to resolve the dispute amicably on a full and final basis.

- 18.2 If the Parties are not able to conduct such meeting within the 7 working day period (or other agreed period) or such meeting has taken place but the dispute or difference remains unresolved then it shall be referred to mediation if the Parties in dispute so agree (such mediation to be conducted as agreed between the Parties in dispute) or in the event that one or more of the Parties in dispute does not agree mediation it shall be referred to an agreed independent expert and the Parties agree to abide by the expert's decision without prejudice to the Parties' rights in law. In the absence of agreement a mediator or expert (whichever is the preferred route) shall be appointed by the President of the Law Society such appointment to be binding on the Five Boroughs. An appointed mediator or expert shall in addition to determination of the dispute or difference set the process, procedure and timetable for determination of the dispute or difference.

All costs relating to resolving the dispute or difference shall be met equally by the Parties to this Agreement or apportioned as appropriate by the mediator/expert on the basis that resolution under this paragraph 18 was necessary.

- 18.3 Nothing in this paragraph 18 or the Agreement as a whole shall prejudice the Five Boroughs legal right to apply to the English Courts for emergency relief or for determination of a point of law.

19. **NOTICES**

- 19.1 All notices or decisions which are required to be given under this Agreement shall be in writing and shall be sent to the address of the recipient set out in this Agreement or such other address as the recipient

may designate by notice given in accordance with the provisions of this paragraph. Any such notice may be delivered personally or by first class prepaid letter shall be deemed to have been served if by personal delivery when delivered if by first class post 48 hours after posting.

20. **DATA PROTECTION**

20.1 The Parties shall ensure full compliance with the Data Protection Act 1998 (hereinafter called the "1998 Act") and all other legislation relating to the collection and use of information as applies from time to time in respect of the control and processing of any information required under this Agreement. All Parties shall ensure their notifications under Section 18 and 19 of the 1998 Act are up to date and where necessary include the activities of this Agreement where the Party acts as data controller for the purposes of the information.

20.2 Any information provided by a Party to this Agreement who is a data controller of the said information to another Party shall be provided to that Party as Data Processor (as defined by the 1998 Act) only and nothing in this Agreement shall allow the receiving Party to treat the information as though there were the data controller.

All processing by the Parties of any information under this Agreement shall be carried out in accordance with the Data Protection Principles (as defined by the 1998 Act).

20.3 Where any Party receives a subject access request for information held as a result of the activities carried out in accordance with this Agreement the Parties shall fully cooperate in complying with the obligations under the 1998 Act in relation to that data.

21. **FREEDOM OF INFORMATION**

21.1 The Parties recognise that they are subject to legal duties which may require the disclosure of information under the Freedom of Information Act 2000 or the Environmental Information Regulations 2002 or any other applicable legislation or codes governing access to information and that the Parties may be under an obligation to provide information on request. Such information may include matters relating to, arising out of or under this Agreement in any way.

21.2 The Parties recognise that in order to facilitate openness and accountability the general view is that all relevant information concerning its arrangements should be subject to disclosure unless the information is exempt in accordance with the provisions of the legislation and where applicable the public interest in withholding the information outweighs the public interest in disclosing it.

21.3 Where any Party receives a request for information held the Parties shall fully cooperate in complying with the obligations under the Freedom of Information Act and all other relevant legislation in relation to that data.

22. **SUCCESSORS BOUND**

22.1 This Agreement shall be binding on and shall endure for the benefit of the successors and assigns (as the case may be) of each of the Parties.

23. **ASSIGNMENT**

23.1 None of the Parties may assign its rights and obligations in whole or in part hereunder without the prior written consent of the other Parties.

24. **CONTINUING AGREEMENT**

24.1 All provisions of this Agreement shall so far as they are capable of being performed and observed continue in full force and effect notwithstanding termination except in respect of those matters then already performed.

25. **GOOD FAITH**

25.1 Each of the Parties undertakes with each of the others to do all things reasonably within its power which are necessary or desirable to give effect to the spirit and intent of this Agreement.

26. **SEVERABILITY**

26.1 Notwithstanding that any provision of this Agreement may prove to be illegal or unenforceable the remaining provisions of this Agreement shall remain in full force and effect.

27. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

27.1 Nothing contained in this Agreement confers or purports to confer any rights to enforce any of its terms pursuant to the Contracts (Rights of Third Parties) Act 1999 on any person who is not a party hereto.

28. **VARIATION**

28.1 This Agreement may be varied by agreement in writing of the Parties such agreement to be reached in accordance with the procedure for agreement set out in paragraph 7.2 above.

MEMORANDUM OF PARTICIPATION

THE COMMON SEAL OF THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF GREENWICH was hereunto affixed in the presence of:

H Joseph

~~Authorised Signatory:~~ Principal Lawyer.

000468.

THE COMMON SEAL OF THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF HACKNEY was hereunto affixed in the presence of:

Wramonte

Authorised Signatory:



THE COMMON SEAL OF THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF NEWHAM was hereunto affixed in the presence of:

Authorised Signatory:

Mark Lee



THE COMMON SEAL OF THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF TOWER HAMLETS was hereunto affixed in the presence of:

Authorised Signatory:

Abella Rowen

THE COMMON SEAL OF THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF WALTHAM FOREST was Hereunto affixed in the presence of:

Authorised Signatory:

Julia King
HEAD OF COMMERCIAL LAW FOR
DIRECTOR OF GOVERNANCE & LAW

62524

APPENDIX A

MEMORANDUM OF UNDERSTANDING

Five Host Boroughs London 2012 Olympic and Paralympic Programme

Introduction

1. The London Boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest (the five boroughs) have decided to establish a joint committee to discharge executive functions on behalf of the five boroughs in so far as they relate to joint activities or areas of common concern in relation to the 2012 Olympic and Paralympic Games.

2. This Memorandum of Understanding sets out the basis for operating the joint committee and associated activities as agreed between the five boroughs. The Memorandum and the terms of reference for the joint committee (which are attached as Appendix One) will be approved by the Executive for each of the five boroughs.

Legal Framework

3. Section 101 (5) of the Local Government Act 1972 provides that two or more local authorities may discharge any of their functions jointly and that where joint arrangements are in force in respect of any functions, those functions may be discharged through a joint committee established by the authorities.

4. Section 101 (2) of the Local Government Act 1972 provides that unless the joint arrangements specify otherwise, a joint committee can also establish a sub-committee to discharge any of its functions or delegate functions to an officer and unless the joint arrangements or joint committee specify otherwise, a sub-committee established by a joint committee may delegate functions to an officer.

5. Appointments to a joint committee are made under section 102(1)(b) of the Local Government Act 1972 and the establishment of a joint committee is governed by The Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000, issued under section 20 of the Local Government Act 2000. The relevant Regulations provide:

a) Regulation 11 (2A) - where a joint committee is established to discharge more than one function by the same authorities at the same time and at least one of those functions is an executive function in at least one authority, the joint arrangements may provide for one joint committee to discharge all the functions on behalf of all the authorities.

b) Regulation 11 (3A) – the decision on appointment to a joint committee should be taken by either the elected mayor, the council manager, the executive leader, the executive, a member of the executive or a committee of the executive (dependant on the detailed executive

arrangements that are being operated by the authority), where the joint committee is to discharge only executive functions on behalf of the executive of the authority.

c) Regulation 12(1) - where the executive is responsible for deciding on the appointment of Members to a joint committee, an executive Member must be appointed to the joint committee and the political balance requirements do not apply.

d) Regulation 12 - (1A(a)) where a joint committee is discharging a function in relation to five or more local authorities and the executive is responsible for deciding on the appointment of Members, both executive and non-executive Members may be appointed to the joint committee by the executive and the political balance requirements do not apply.

6. At present the law does not permit local authorities to discharge their functions through non local authority bodies or through mixed bodies. Therefore, stakeholders and other partners will be involved in the operation of the joint committee in an advisory capacity.

7. A joint committee is subject to overview and scrutiny requirements under section 21(2)(a) of the Local Government Act 2000 which provides that executive arrangements by a local authority must ensure their overview and scrutiny committee (or their overview and scrutiny committees between them) have power to scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the executive.

8. The 'call in' provisions also apply to a joint committee under section 21(3) of the Local Government Act 2000 which provides that the above power of an overview and scrutiny committee under section 21(2)(a) to review or scrutinise a decision made but not implemented, includes power to recommend that the decision be reconsidered by the person who made it. However, the requirement to publish a forward plan and the provisions relating to key decisions and special urgency contained in the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 do not apply to the operation of a joint committee.

9. The joint committee is not a separate legal entity and existing arrangements for lead boroughs to take on responsibility for particular activities will be made and/or continue to operate in accordance with the Inter Authority Agreement made between the five boroughs dated 31 August 2006.

Inter Authority Agreement (IAA)

10. The existing IAA excludes the operation of a joint committee and its terms will therefore be amended to remove that exclusion and also to give effect to other matters covered by this Memorandum of Understanding.

11. Under the terms of the IAA any variation must be agreed by each of the five borough Chief Executives and for the avoidance of doubt the Executive of each of the five boroughs will also specifically delegate responsibility for agreement of the revised IAA to their respective Chief Executives.

Employment of Staff

12. The IAA currently designates the London Borough of Hackney as lead borough for the employment and management of staff in the Olympics Joint Borough Central Unit (OJBCU - the five host boroughs unit)). This arrangement will continue and the Executive Director of the OJBCU will be responsible for day to day management/direction of the OJBCU, reporting to the joint committee through the Chief Executive's Board (see 14 below).

Annual Budget

13. The IAA currently designates the London Borough of Hackney as lead borough for discharging the annual budget. This arrangement will continue and the joint committee will be responsible for managing the annual budget. As part of this function, the joint committee may also make proposals for any revision in the level of contribution made by each of the five boroughs to the annual budget for consideration as part of each of the five boroughs annual budget allocation process. Most of the budget will continue to be spent on staffing and accommodation for the five host boroughs unit. The IAA provides a framework for engaging and managing staff, and reporting on revisions to staffing structures. The IAA also provides arrangements for establishing and controlling a balanced annual budget funded by equal contributions from the 5 host boroughs and grants/contributions secured from other sources such as the ODA and LETF.

Five Borough Meetings

14. The IAA currently provides for regular meetings of the five borough Chief Executives and the five borough Leaders and elected Mayors. When the joint committee is established the latter will cease but the Chief Executives will continue to meet as at present as the Chief Executives' Board.

Administration

15. Administrative support for the meetings of the five borough Chief Executives and the five borough Leaders and elected Mayors is presently being provided by the OJBCU. When the joint committee is established, administrative support for the joint committee will be provided by the London Borough of Hackney on a lead borough basis and the Chief Executive of Hackney Council will be formally designated as clerk to the joint committee with responsibility for the provision of administrative support.

Overview and Scrutiny

16. Decisions of the joint committee will be subject to scrutiny and 'call in' by the five boroughs. It has not been possible to identify a statutory power enabling the establishment of a joint overview & scrutiny committee (save for matters relating to health). Each of the five boroughs will establish overview and scrutiny arrangements for the joint committee (and any sub-committee(s)) to be agreed by their respective Overview & Scrutiny Committee or Council as appropriate to include uniform time limits for the 'call in' process in each of the five boroughs

17. In the event that a decision of the joint committee or any sub-committee is 'called in' the Chief Executive (or an officer designated by the Chief Executive) for the relevant borough will attend the relevant scrutiny committee together with one or both of the Members nominated by that borough to the joint committee or any Member of a sub- committee.

Constitution

18. Once established the joint committee will adopt a constitution to cover matters such as rules of procedure for meetings, public access to information (including arrangements for the publication of key decisions) and the scrutiny process agreed by the five boroughs.

Functions

19. The executive functions discharged by the joint committee shall be as specified in the terms of reference attached as Appendix One to this memorandum. The joint committee does not have power to exercise non executive functions on behalf of the five boroughs.

20. The functions of the joint committee will not be limited by area, but it will only discharge executive functions that relate to joint activities or areas of common concern in relation to the 2012 Olympic and Paralympic Games, including negotiation and agreement of any Strategic Regeneration Framework and Multi Area Agreement(s).

21. Prior to the adoption of financial procedure rules alongside the proposed constitution, the joint committee will need to take spending decisions in accordance within the financial arrangements set out in the IAA. In effect, spending will be limited to the annual budget funding provided by the five boroughs and grants/contributions secured from other sources such as the ODA and LETF. Financial reporting will be reviewed and revised to reflect joint committee arrangements.

Membership and Chair

22. The Executive for each of the five boroughs will nominate two Members to the joint committee. The maximum term of office for any nomination may not

exceed a Member's remaining term in office, so that in the first instance nominations may not extend beyond the end of the current municipal year.

23. The joint committee will be responsible for electing a Chair and it is has been agreed by the five boroughs that this Memorandum should record that the intention of the five boroughs is that the Chair of the joint committee should be the Mayor of Newham.

Agenda Management

24. The rules of procedure adopted by the joint committee as part of a Constitution shall include the following provisions relating to agenda management.

25. All prospective items of business for the joint committee or any sub-committee established by it shall in the first instance be considered at a meeting of the Chief Executives' Board. An item shall only be included on the agenda for a joint committee or sub-committee meeting with the agreement of each of the five borough Chief Executives.

26. Where an item of business has been included in the agenda for a joint committee or a sub-committee meeting in accordance with paragraph 25 above but it appears to the Chair of the joint committee or sub-committee (as appropriate) that unanimity of voting may not be achieved, the Chair may propose that the agenda item be referred back to the Chief Executives' Board for further consideration.

27. Where a decision of the joint committee does not apply to all five boroughs, the delegation of functions to the joint committee is limited to those boroughs to which the decision applies so that any borough to which the decision does not apply retains the capacity to determine the issue(s) in accordance with its own procedural requirements.

28. The joint committee is not subject to the legal requirement to publish a forward plan. Nevertheless the joint committee and any sub-committee established by it will receive a report setting out the work programme for the committee/sub-committee at least annually.

Quorum and Voting

29. The quorum for meetings of the joint committee will be at least one Member from each borough.

30. Each Member of the joint committee will have one vote and all questions coming or arising before the joint committee shall be decided by a majority of the members of the joint committee present and voting (paragraph 39 of Schedule 12 to the Local Government Act 1972).

Sub-Committees

31. The joint committee will be able to establish decision making sub-committees to discharge specific functions.

32. Any sub-committee established by the joint committee will comprise one Member from each borough

32 Each Member of a sub-committee will have one vote and all questions coming or arising before a sub-committee shall be decided by a majority of the members of the sub-committee present and voting.

Delegation to Officers

33. The joint committee or any sub-committee established by it may delegate specific functions to an officer of one of the five boroughs. Any such delegation may be subject to the requirement for the officer to consult with or obtain the prior agreement of an officer (or officers) of one or more of the other four boroughs or subject to the requirement for the officer with delegated authority to consult with the Chair of the joint or sub-committee (as appropriate) before exercising their delegated authority.

Partner and Stakeholder Representation

34. Partners and stakeholders will be invited to send observers to meetings of the joint committee (and any sub-committees) as appropriate.

Commencement

35. The joint committee will be established when this Memorandum of Understanding and the terms of reference for the joint committee (attached as Appendix One) have been approved by the executives of each of the five boroughs.

Appendix One

JOINT COMMITTEE TERMS OF REFERENCE

To act as a joint committee of the London Boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest (the five boroughs) for joint collaboration in relation to the Olympic and Paralympic Games in 2012.

1. Functions:

To discharge on behalf of the five boroughs the executive functions listed below in so far as they relate to joint activities or areas of common concern in relation to the 2012 Olympic and Paralympic Games:

1. Management and expenditure of the annual budget as defined by the Inter Authority Agreement made between the five boroughs dated 31 August 2006
2. Management and expenditure of external funding and all other financial resources allocated to the joint committee, including any funding allocated to the joint committee by any or all of the five boroughs in addition to the annual budget.
3. Approval of an annual business plan.
4. Development, negotiation and agreement of any Strategic Regeneration Framework and Multi Area Agreement(s).
5. Development, negotiation and implementation of joint regeneration policies and programmes.
6. Development, negotiation and agreement of a joint approach to post Olympic legacy, including promotion of the five boroughs as a sub region.
7. Development, negotiation and implementation of joint legacy strategies.
8. Development, negotiation and implementation of joint arrangements in relation to bidding for, accepting and distributing external funding.
9. Development, negotiation and implementation of joint publicity and a joint communications strategy.
10. Development, negotiation and implementation of joint cultural event programmes and policies.
11. Development, negotiation and implementation of joint economic development and employment programmes and policies.
12. Review of the operation and effectiveness of the Joint Local Authority Building Control (JLAB) agreements for the Olympic Park. and Olympic venues in the five host boroughs.
13. Review of the operation and effectiveness of the Joint Local Authority Regulatory Services (JLARS) agreements in respect of the Olympic Park and Olympic venues in the host boroughs, covering environmental health (food safety & standards, health & safety enforcement, pest & pollution control and public health), highways and

traffic management, street naming and numbering, licencing, safety at sports grounds, street scene enforcement, parking, and waste management.

14. Development, negotiation and implementation of joint policies for tourism and the business travel economy.
15. Development, negotiation and implementation of joint policies to maximise educational opportunities.
16. Development, negotiation and implementation of joint sports development policies.

Any other executive functions relating to joint activities or areas of common concern in relation to the 2012 Olympic and Paralympic Games in relation to which funding is allocated through the annual budget or in respect of which external funding or any other financial resources are allocated to the joint committee.

For the avoidance of doubt, where a decision of the joint committee does not apply to all five boroughs, the delegation of functions to the joint committee is limited to those boroughs to which the decision applies so that any borough to which the decision does not apply retains the capacity to determine the issue(s) in accordance with its own procedural requirements.

2. Membership:

Ten Members, comprising two Members nominated by the Executive from each of the five boroughs for a maximum period not extending beyond any Member's remaining terms of office as a councillor.

3. Quorum:

At least one Member from each of the five boroughs.

4. Voting Requirements:

Each Member of the joint committee will have one vote and all questions coming or arising before the joint committee shall be decided by a majority of the members of the joint committee present and voting.

5. Sub-Committees:

The joint committee may establish such sub-committees to discharge any, some or all of the functions listed in paragraph 1 above and/or for such other purposes as the joint committee determines appropriate. Any sub-committee so established shall comprise one Member from each of the five boroughs, who shall each have one vote and all questions coming or arising before a sub-committee shall be decided by a majority of the members of the sub-committee present and voting.

APPROVALS:

The general terms of the Memorandum of Understanding (including Appendix One) were considered and approved at a meeting of the executive of each the five boroughs on the following dates:

London Borough of Greenwich:

London Borough of Hackney: 22 June 2009

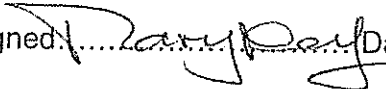
London Borough of Newham:

London Borough of Tower Hamlets:


London Borough of Waltham Forest:

The Chief Executive for each of the five boroughs acting under delegated authority signed and agreed this Memorandum of Understanding (including Appendix One) on the following dates:


Mary Ney
Chief Executive – London Borough of Greenwich

Signed  Date 21/8/09


Tim Shields
Chief Executive – London Borough of Hackney

Signed  Date 15/7/09

Joe Duckworth
Chief Executive – London Borough of Newham

Signed  Date 13/8/09

Kevan Collins
Interim Chief Executive – London Borough of Tower Hamlets

Signed  Date 15/9/09

Andrew Kilburn
Chief Executive – London Borough of Waltham Forest

Signed  Date 2/9/09

MEMORANDUM OF UNDERSTANDING

Five Host Boroughs London 2012 Olympic and Paralympic Programme

Introduction

1. The London Boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest (the five boroughs) have decided to establish a joint committee to discharge executive functions on behalf of the five boroughs in so far as they relate to joint activities or areas of common concern in relation to the 2012 Olympic and Paralympic Games.
2. This Memorandum of Understanding sets out the basis for operating the joint committee and associated activities as agreed between the five boroughs. The Memorandum and the terms of reference for the joint committee (which are attached as Appendix One) will be approved by the Executive for each of the five boroughs.

Legal Framework

3. Section 101 (5) of the Local Government Act 1972 provides that two or more local authorities may discharge any of their functions jointly and that where joint arrangements are in force in respect of any functions, those functions may be discharged through a joint committee established by the authorities.
4. Section 101 (2) of the Local Government Act 1972 provides that unless the joint arrangements specify otherwise, a joint committee can also establish a sub-committee to discharge any of its functions or delegate functions to an officer and unless the joint arrangements or joint committee specify otherwise, a sub-committee established by a joint committee may delegate functions to an officer.
5. Appointments to a joint committee are made under section 02(1)(b) of the Local Government Act 1972 and the establishment of a joint committee is governed by The Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000, issued under section 20 of the Local Government Act 2000. The relevant Regulations provide:
 - a) Regulation 11 (2A) - where a joint committee is established to discharge all the functions on behalf of all the authorities.
 - b) Regulation 11 (3A) – the decision on appointment to a joint committee should be taken by either the elected mayor, the council manager, the executive leader, the executive, a member of the executive or a committee of the executive (dependant on the detailed executive arrangements that are being operated by the authority), where the joint committee is to discharge only executive functions on behalf of the executive of the authority.
 - c) Regulation 12(1) - where the executive is responsible for deciding on the appointment of Members to a joint committee, an executive Member must be

appointed to the joint committee and the political balance requirements do not apply.

- d) Regulation 12 - (1A(a)) where a joint committee is discharging a function in relation to five or more local authorities and the executive is responsible for deciding on the appointment of Members, both executive and non-executive Members may be appointed to the joint committee by the executive and the political balance requirements do not apply.
6. At present the law does not permit local authorities to discharge their functions through non local authority bodies or through mixed bodies. Therefore, stakeholders and other partners will be involved in the operation of the joint committee in an advisory capacity.
7. A joint committee is subject to overview and scrutiny requirements under section 21(2)(a) of the Local Government Act 2000 which provides that executive arrangements by a local authority must ensure their overview and scrutiny committee (or their overview and scrutiny committees between them) have power to scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the executive.
8. The 'call in' provisions also apply to a joint committee under section 21(3) of the Local Government Act 2000 which provides that the above power of an overview and scrutiny committee under section 21(2)(a) to review or scrutinise a decision made but not implemented, includes power to recommend that the decision be reconsidered by the person who made it. However, the requirement to publish a forward plan and the provisions relating to key decisions and special urgency contained in the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 do not apply to the operation of a joint committee.
9. The joint committee is not a separate legal entity and existing arrangements for lead boroughs to take on responsibility for particular activities will be made and/or continue to operate in accordance with the Inter Authority Agreement made between the five boroughs dated 31 August 2006.

Inter Authority Agreement (IAA)

10. The existing IAA excludes the operation of a joint committee and its terms will therefore be amended to remove that exclusion and also to give effect to other matters covered by this Memorandum of Understanding.
11. Under the terms of the IAA any variation must be agreed by each of the five borough Chief Executives and for the avoidance of doubt the Executive of each of the five boroughs will also specifically delegate responsibility for agreement of the revised IAA to their respective Chief Executives.

Employment of Staff

12. The IAA currently designates the London Borough of Hackney as lead borough for the employment and management of staff in the Olympics Joint Borough Central Unit (OJBCU - the five host boroughs unit)). This arrangement will

continue and the Executive Director of the OJBCU will be responsible for day to day management/direction of the OJBCU, reporting to the joint committee through the Chief Executive's Board (see 14 below).

Annual Budget

13. The IAA currently designates the London Borough of Hackney as lead borough for discharging the annual budget. This arrangement will continue and the joint committee will be responsible for managing the annual budget. As part of this function, the joint committee may also make proposals for any revision in the level of contribution made by each of the five boroughs to the annual budget for consideration as part of each of the five boroughs annual budget allocation process.

Five Borough Meetings

14. The IAA currently provides for regular meetings of the five borough Chief Executives and the five borough Leaders and elected Mayors. When the joint committee is established the latter will cease but the Chief Executives will continue to meet as at present as the Chief Executives' Board.

Administration

15. Administrative support for the meetings of the five borough Chief Executives and the five borough Leaders and elected Mayors is presently being provided by the OJBCU. When the joint committee is established, administrative support for the joint committee will be provided by the London Borough of Hackney on a lead borough basis and the Chief Executive of Hackney Council will be formally designated as clerk to the joint committee with responsibility for the provision of administrative support.

Overview and Scrutiny

16. Decisions of the joint committee will be subject to scrutiny and 'call in' by the five boroughs. It has not been possible to identify a statutory power enabling the establishment of a joint overview & scrutiny committee (save for matters relating to health). Each of the five boroughs will establish overview and scrutiny arrangements for the joint committee (and any sub-committee(s)) to be agreed by their respective Overview & Scrutiny Committee or Council as appropriate to include uniform time limits for the 'call in' process in each of the five boroughs
17. In the event that a decision of the joint committee or any sub-committee is 'called in' the Chief Executive (or an officer designated by the Chief Executive) for the relevant borough will attend the relevant scrutiny committee together with one or both of the Members nominated by that borough to the joint committee or any Member of a sub- committee.

Constitution

18. Once established the joint committee will adopt a constitution to cover matters such as rules of procedure for meetings, public access to information(including

arrangements for the publication of key decisions) and the scrutiny process agreed by the five boroughs.

Functions

19. The executive functions discharged by the joint committee shall be as specified in the terms of reference attached as Appendix One to this memorandum. The joint committee does not have power to exercise non executive functions on behalf of the five boroughs.
20. The functions of the joint committee will not be limited by area, but it will only discharge executive functions that relate to joint activities or areas of common concern in relation to the 2012 Olympic and Paralympic Games, including negotiation and agreement of any Strategic Regeneration Framework and Multi Area Agreement(s).
21. There will be no financial limit for decisions taken by the joint committee but it will only be able to take decisions about any funds allocated to it either as part of the annual budget from external grant funding or other resources allocated to it in addition to the annual budget whether by any or all of the five boroughs or otherwise.

Membership and Chair

22. The Executive for each of the five boroughs will nominate two Members to the joint committee. The maximum term of office for any nomination may not exceed a Member's remaining term in office, so that in the first instance nominations may not extend beyond the end of the current municipal year.
23. The joint committee will be responsible for electing a Chair and it is has been agreed by the five boroughs that this Memorandum should record that the intention of the five boroughs is that the Chair of the joint committee should be the Mayor of Newham.

Agenda Management

24. The rules of procedure adopted by the joint committee as part of a Constitution shall include the following provisions relating to agenda management.
25. All prospective items of business for the joint committee or any subcommittee established by it shall in the first instance be considered at a meeting of the Chief Executives' Board. An item shall only be included on the agenda for a joint committee or sub-committee meeting with the agreement of each of the five borough Chief Executives.
26. Where an item of business has been included in the agenda for a joint committee or a sub-committee meeting in accordance with paragraph 25 above but it appears to the Chair of the joint committee or sub-committee (as appropriate) that unanimity of voting may not be achieved, the Chair may propose that the agenda item be referred back to the Chief Executive's Board for further consideration.

27. Where a decision of the joint committee does not apply to all five boroughs, the delegation of functions to the joint committee is limited to those boroughs to which the decision applies so that any borough to which the decision does not apply retains the capacity to determine the issue(s) in accordance with its own procedural requirements.
28. The joint committee is not subject to the legal requirement to publish a forward plan. Nevertheless the joint committee and any sub-committee established by it will receive a report setting out the work programme for the committee/sub-committee at least annually.

Quorum and Voting

29. The quorum for meetings of the joint committee will be at least one Member from each borough.
30. Each Member of the joint committee will have one vote and all questions coming or arising before the joint committee shall be decided by a majority of the members of the joint committee present and voting (paragraph 39 of Schedule 12 to the Local Government Act 1972).

Sub-Committees

31. The joint committee will be able to establish decision making subcommittees to discharge specific functions.
32. Any sub-committee established by the joint committee will comprise one Member from each borough Each Member of a sub-committee will have one vote and all questions coming or arising before a sub-committee shall be decided by a majority of the members of the sub-committee present and voting.

Delegation to Officers

33. The joint committee or any sub-committee established by it may delegate specific functions to an officer of one of the five boroughs. Any such delegation may be subject to the requirement for the officer to consult with or obtain the prior agreement of an officer (or officers) of one or more of the other four boroughs or subject to the requirement for the officer with delegated authority to consult with the Chair of the joint or sub-committee (as appropriate) before exercising their delegated authority.

Partner and Stakeholder Representation

34. Partners and stakeholders will be invited to send observers to meetings of the joint committee (and any sub-committees) as appropriate.

Commencement

35. The joint committee will be established with effect from 1 July 2009.

JOINT COMMITTEE TERMS OF REFERENCE

To act as a joint committee of the London Boroughs of Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest (the five boroughs) for joint collaboration in relation to the Olympic and Paralympic Games in 2012.

1. Functions:

To discharge on behalf of the five boroughs the executive functions listed below in so far as they relate to joint activities or areas of common concern in relation to the 2012 Olympic and Paralympic Games:

1. Management and expenditure of the annual budget as defined by the Inter Authority Agreement made between the five boroughs dated 31 August 2006
2. Management and expenditure of external funding and all other financial resources allocated to the joint committee, including any funding allocated to the joint committee by any or all of the five boroughs in addition to the annual budget.
3. Approval of an annual business plan.
4. Development, negotiation and agreement of any Strategic Regeneration Framework and Multi Area Agreement(s).
5. Development, negotiation and implementation of joint regeneration policies and programmes.
6. Development, negotiation and agreement of a joint approach to post Olympic legacy, including promotion of the five boroughs as a sub region.
7. Development, negotiation and implementation of joint legacy strategies.
8. Development, negotiation and implementation of joint arrangements in relation to bidding for, accepting and distributing external funding.
9. Development, negotiation and implementation of joint publicity and a joint communications strategy.
10. Development, negotiation and implementation of joint cultural event programmes and policies.
11. Development, negotiation and implementation of joint economic development and employment programmes and policies.
12. Development, negotiation, provision and implementation of joint building control policies and procedures for the Olympic Park and Olympic venues in the five host boroughs.
13. Development, negotiation, provision and implementation of joint environmental health policies and procedures in relation to the Olympic Park and Olympic venues in the five host boroughs, including food safety & standards, health & safety enforcement, pest & pollution control and public health.
14. Development, negotiation, provision and implementation of joint parking, highways and traffic management policies and procedures.
15. Development, negotiation and implementation of joint policies for tourism and the business travel economy.
16. Development, negotiation and implementation of joint policies to maximise educational opportunities.
17. Development, negotiation and implementation of joint sports development policies.
18. Development, negotiation, provision and implementation of street naming/numbering and street scene enforcement policies and procedures for the Olympic Park and Olympic venues in the five host boroughs.

Any other executive functions relating to joint activities or areas of common concern in relation to the 2012 Olympic and Paralympic Games in relation to which funding is allocated through the annual budget or in respect of which external funding or any other financial resources are allocated to the joint committee.

For the avoidance of doubt, where a decision of the joint committee does not apply to all five boroughs, the delegation of functions to the joint committee is limited to those boroughs to which the decision applies so that any borough to which the decision does not apply retains the capacity to determine the issue(s) in accordance with its own procedural requirements.

2. Membership:

Ten Members, comprising two Members nominated by the Executive from each of the five boroughs for a maximum period not extending beyond any Member's remaining terms of office as a councillor.

3. Quorum:

At least one Member from each of the five boroughs.

4. Voting Requirements:

Each Member of the joint committee will have one vote and all questions coming or arising before the joint committee shall be decided by a majority of the members of the joint committee present and voting.

5. Sub-Committees:

The joint committee may establish such sub-committees to discharge any, some or all of the functions listed in paragraph 1 above and/or for such other purposes as the joint committee determines appropriate. Any sub-committee so established shall comprise one Member from each of the five boroughs, who shall each have one vote and all questions coming or arising before a sub-committee shall be decided by a majority of the members of the subcommittee present and voting.

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CABINET

15 FEBRUARY 2011

REPORT OF THE CABINET MEMBER FOR FINANCE, REVENUES & BENEFITS

Title: Council Debt Write-Offs 2010/11 - 1 April to 31 December 2010		For Information
<p>Summary: Revenues and Benefits is made up of a number of service areas covering the billing, collection and recovery of the vast majority of debts that fall due to be paid to the Council for chargeable services and statutory levies such as Council Tax, Housing Rents and Business Rates.</p> <p>The value and type of debts written off as uncollectible within these two sections are reported to the Cabinet on a quarterly basis in line with the Council's financial regulations. This report provides a summary of debts written off for the periods 1 April to 30 June 2010 (Q1), 1 July 2010 to 30 September 2010 (Q2) and 1 October 2010 to 31 December 2010 (Q3) , as detailed in tables 5, 6 & 7 of Appendix A. In total £110,389.53 has been written off in Q1, £45,382.67 in Q2 & £829,921.52 in Q3</p> <p>Wards Affected: None</p>		
<p>Recommendation(s)</p> <p>The Cabinet is asked to note the debt write-offs for quarter 1,2 and 3 of 2010/11 as detailed in the report and that a number of these debts will be publicised in accordance with the policy agreed by Minute 69 (6 November 2007).</p>		
<p>Reason(s)</p> <p>As a matter of good financial practice and to accord with the Council's Financial Rules.</p>		
<p>Comments of the Chief Financial Officer</p> <p>The Corporate Director of Finance and Resources has confirmed that relevant financial issues are set out in section 8 of the report.</p>		
<p>Comments of the Legal Partner</p> <p>The Legal Partner has confirmed that relevant legal issues are set out in section 9 of the report.</p>		
<p>Head of Service: David Graaff</p>	<p>Title: Head of Revenues & Benefits</p>	<p>Contact Details: Tel: 020 8724 8774 E-mail: David.Graaff@elevateeastlondon.gov.uk</p>
<p>Cabinet Member: Councillor Geddes</p>	<p>Portfolio: Finance, Revenues & Benefits</p>	<p>Contact Details: Tel: 020 8227 2892 E-mail: cameron.geddes2@lbbd.gov.uk</p>

1. Background

1.1 The Income & Collection section and the Rents and Benefits Sections are responsible for the collection of the vast majority of debts falling due to the Council by way of statutory levies and chargeable services. Whilst measures are taken to collect all debts and levies due, it is invariably the case that some debts will remain unpaid, even after concerted efforts have been made to collect them.

1.2 In order that the Council can take proper account of debts that will actually be paid and also take account of debts that are unlikely to be paid, the writing off of uncollectible debts are carried out on a regular basis. This way the Council is able to take account of just those debts that it knows will be paid, whilst making some provision within its accounts for debts that are unlikely to be paid.

2. Policy for write off of irrecoverable debts & unclaimed credits

2.1 The processes and procedures in place for managing and recording debts written off are governed by the Council's write off policy. The purpose of the policy is to establish a framework to regulate the write off of irrecoverable debts and long standing unallocated and unclaimed credits.

2.2 Adherence to this policy will ensure that there is always consistency and probity adopted in the procedures of debt and credit write offs and that best practice is followed in:

- Debt collection and recovery
- Accountancy code of practice
- Audit controls

3. Authorisation to write off debts

3.1 Authority to write off debts and credits is delegated to the Chief Financial Officer by the Council's Constitution. Further delegation is made via the constitution and is specified below:

- Up to £2,000 Group Managers
- £2,000.001 to £10,000 Head of Barking & Dagenham Direct
- Over £10,000 Corporate Director of Customer Services or the
Corporate Director of Finance and Commercial
Services

3.2 These authorisation levels are strictly adhered to for all write offs.

4. Current Position

4.1 The net value of debts written off for the first quarter (Q1) of 2010/11 (i.e. April 2010 – June 2011) was £110,389.53 as shown in table 5 of appendix A.

4.2 The net value of debts written off for the first quarter (Q2) of 2010/11 (i.e. July 2010 – September 2011) was £45,382.67 as shown in table 6 of appendix A.

4.3 The net value of debts written off for the first quarter (Q3) of 2010/11 (i.e. October 2010 – December 2011) was £829,921.52 as shown in table 7 of appendix A.

4.4 The total debt write off for 2010/11 now stands at £985,693.72.

5. Points to note from debt write off tables (Appendix A)

5.1 Council Tax and Business Rates are both statutory debts and for the most part, regular monthly write offs take place.

5.2 General Income debts relate to debts raised for chargeable services that the Council either provides as a statutory duty or as a service where no other providers are available to provide a similar service.

5.3 Home Care and Residential Care debts are also dealt with within the General Income section and are shown separately.

5.4 Housing Benefit overpayment debts written off relate to relevant adjustments in this area.

5.5 Former tenant arrears relate to previous occupation of rented Council housing.

6. Publication of individual details of debts written off

6.1 A number of Authorities publicise the details (names, addresses etc.), of residents who have had debts written off. In the vast majority of cases, these debts have been written off where the debtor has absconded.

6.2 The Cabinet agreed in November 2007 (Minute 69, 6 November 2007) that a list showing the details of debtors, who have had debts written off, would be attached to this report. A list has been attached at Appendix B. The list has been limited to the top ten debts only

6.3 As was previously outlined within the 6th November 2007 Cabinet report, It was recommended that the following types of debt write offs are excluded from this publicised list:

- a) Debts that have been written off following a corporate complaint being upheld
- b) Debts that have been written off due to the debtor falling within one of the many vulnerable groups (e.g. elderly, disabled, infirm etc.)
- c) Where the original debt was raised in error
- d) Where debts have been written off, but no legal action has been taken to prove that the debt was legally and properly due
- e) Where the debt has been written off following bankruptcy or insolvency action (the majority of these cases will be individually publicised)

6.4 The exclusion of the category of debts listed above will eliminate the possibility of any unnecessary and potentially costly legal challenges from debtors, who take issue with their details being publicised. It is intended that where the details or whereabouts of debtors become known following publication, those debtors will be pursued as far as is possible, to secure full payment of the debt.

6.5 The list provided at appendix B does not include any debts or debtors that fall within categories a-e above, so the list as it stands can be publicised after the removal of date of birth and national insurance number details.

7. Ongoing debt recovery and tracing work

7.1 It should be noted that debt recovery and tracing work is an ongoing activity within the Income & Collection and Rents & Benefits section. Some form of tracing work continues on debts even after the debt has been written off. We have a number of management tools to find debtors, including national systems such as Experian. In many cases, tracing and follow-up work can continue for up to a year after the debt has been written off (e.g. in the case of higher debts) and debtors have been known to resurface up to five years after a debt has been written off.

7.2 Where debtors are located either by ourselves or other departments, for example often Tenancy audit find debtors, the section who owns the debt is advised and the recovery process can be resumed. The debt is often written back on so that legal action can commence or be restarted from where it was left.

7.3 Every effort is being made to support customers and minimise debt. A multi-disciplinary rent panel has been established to look at each individual case and take appropriate action. A business process re-engineering exercise has been carried out on temporary accommodation and income recovery procedures, to ensure the appropriate use of resources and efficient streamlined procedures are in place in preparation of the implementation of Capita I.T. system. This system will provide robust data for better charging, quicker response time, and improvement in customer experience.

8. Financial Issues

8.1 All debts written off, will have been provided for within the Council's Bad Debt Provision and as such there should be no specific financial implications. However, there is the possibility that unforeseen and unplanned additional write offs occur, which lead to the value of debts written off in any year, exceeding the agreed bad debt provision.

8.2 Where this is likely to happen, this quarterly report will act as an early warning system and will enable additional control measure to be agreed and taken, to either bring the situation back under control, or to make appropriate adjustments to the bad debt provision.

9. Legal Issues

9.1 It was decided at the meeting of 6 November 2007 of the Cabinet to publish the names of debtors whose debts have been written off subject to certain exceptions set out in the report. The publicising of the names of debtors constitutes processing of their personal data under Data Protection Act 1998 (DPA). In order to process i.e. publish this information lawfully the legislation sets out a number of requirements the most pertinent being that processing must be fair, lawful that any one of the permissible grounds listed in schedule 2 DPA be found.

- 9.2 The relevant ground in schedule 2 DPA to the publication of debtor names is that 'the processing is necessary for the purposes of legitimate interests pursued by the data controller or by the third party or parties to whom the data are disclosed, except where the processing is unwarranted in any particular case by reason of prejudice to the rights and freedoms or legitimate interests of the data subject'. This means that the Council may lawfully publish the data on the basis that it is thereby pursuing some legitimate interest.
- 9.3 One possible interest through publication may be the identification of named debtors who the Council could then pursue to recover the debt. The Council must also be satisfied that no prejudice to the rights and freedoms of the data subjects (named debtors) would be occasioned by the publication. The Legal Partner has not seen any basis for suggesting such prejudice would be occasioned. If any individual had concern as to publication of their details they could raise objection with the Council who could then revisit the issue in the light of the legal considerations here outlined.
- 9.4 It is not suggested that the debtors named have committed any offence in which case the data would be 'sensitive' personal data requiring an further additional ground from schedule 3 to be also identified. This aspect can thus be discounted. It has been highlighted in previous reports that the sums being written-off in the report were quite substantial. This report is no different. Members will be concerned as to what efforts are being made to recover debts before they are written-off.
- 9.5 The Legal Partner for Corporate Law has advised that a summary of efforts to recover bad debt are addressed in these reports. The report author has indicated he is unable to do so for this report but can in relation to future reports. This will hopefully give Members confidence that debt is only being written off after the fullest efforts to recover have been made.

10. Other Implications

10.1 Risk Management

No specific implications save that of this report acting as an early warning system to any problems in the area of write off's.

11. Background Papers Used in the Preparation of the Report:

None

12. List of appendices:

- Appendix A – Debt Write Off Tables
- Appendix B – Top 10 Debts Written Off

Debts written off during 2006/7

Table 1

Write Offs	Housing Benefit	General Income Debts	Former Tenant Arrears	Home Care	Residential Care	Council Tax	NNDR	TOTAL
2006/07	£74,086	£209,571	£698,423	£32,234	£98,608	£1,965,030	£82,256	£3,160,208

Debts written off during 2007/8

Table 2

Write Offs	Housing Benefit	General Income Debts	Former Tenant Arrears	Home Care	Residential Care	Council Tax	NNDR	TOTAL
2007-8 Totals	£335,194	£165,413	£373,275	£ -	£10,543	£ 668,163	£169,657	£1,722,245

Debts written off during 2008/09

Table 3

Write Offs	Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	Home Care	Residential Care	Council Tax	NNDR	TOTAL
2008-9 Totals	£413,313	£1,170,066	£641,637	£2,530	£693	£1,661	£435,088	£106,629	£2,771,617

Please note the Housing Benefit & Rents was not included in the 2008/2009 total.

Debts written off during 2009/10**Table 4**

Write Offs	Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NNDR	TOTAL
2009-10 Totals	£243,546	£361,613	£383,789	£2,595	£182,353	£560	£11,721	£688,274	£734,355	£2,608,808

Table 5
Debts Written Off during 2010/11 Quarter 1

Write Offs		Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NNDR	TOTAL
Apr-10	Under £2k	£11,384.98	£29,455.52						-£671.87	£478.16	£40,646.79
	Over £2k		£4,864.39								£4,864.39
	Over £10k									£26,398.78	£26,398.78
	Total	£11,384.98	£34,319.91	£0	£0	£0	£0	£0	-£671.87	£26,876.94	£71,909.96
May -10	Under £2k	£10,190.21	£3,876.15						-£771.90	-£2,962.72	£10,331.74
	Over £2k	£2,220.00	£13,844.82								£16,064.82
	Over £10k										£0
	Total	£12,410.21	£17,720.97	£0	£0	£0	£0	£0	-£771.90	-£2,962.72	£26,396.56
Jun-10	Under £2k	£6,319.97	£3,426.71						-£15.76	-£55.87	£9,675.05
	Over £2k		£2,407.96								£2,407.96
	Over £10k										£0
	Total	£6,319.97	£5,834.67	£0	£0	£0	£0	£0	-£15.76	-£55.87	£12,083.01
Quarter 1 Totals		£30,115.16	£57,875.55	£0	£0	£0	£0	-£1,459.53	£23,858.35	£110,389.53	

Table 6
Debts Written Off during 2010/11 Quarter 2

Write Offs		Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NNDR	TOTAL
Jul-10	Under £2k	£403.79	£1,564.76						-£41.83	-£63.68	£1,863.04
	Over £2k		£3564.34								£3,564.34
	Over £10k		£16,049.00								£16,049.00
	Total	£403.79	£21,178.10	£0	£0	£0	£0	£0	-£41.83	-£63.68	£21,476.38
Aug -10	Under £2k	£0.57	£517.88						-£0.35		£518.10
	Over £2k		£2,736.81								£2,736.81
	Over £10k										£0
	Total	£0.57	£3,254.69	£0	£0	£0	£0	£0	-£0.35	£0	£3,254.91
Sep-10	Under £2k	£5,236.06	£4,427.70						-£22.61		£9,641.15
	Over £2k	£3,759.99	£7250.24								£11,010.23
	Over £10k										£0
	Total	£8,996.05	£11,677.94	£0	£0	£0	£0	£0	-£22.61	£0	£20,651.38
Quarter 2 Totals		£9,400.41	£36,110.73	£0	£0	£0	£0	-£64.79	-£63.68	£45,382.67	

Table 7
Debts Written Off during 2010/11 Quarter 3

Write Offs		Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NNDR	TOTAL
Oct-10	Under £2k	£2,945.99	£21,330.88		£27,925.25				£2,949.47		£55,151.59
	Over £2k					£5,583.54					£5,583.54
	Over £10k										£0
	Total	£2,945.99	£21,330.88	£0	£27,925.25	£5,583.54	£0	£0	£2,949.47	£	£60,735.13
Nov-10	Under £2k	£11,763.88	£27,460.35	£35,126.95	£3,299.93				£478.42	£24,379.20	£102,508.73
	Over £2k	£7,350.76	£7,009.98	£90,174.48	£4,464.62						£109,181.84
	Over £10k										
	Total	£19,114.64	£34,470.33	£125,301.43	£7,946.55	£0	£0	£0	£478.42	£24,379.20	£211,690.57
Dec-10	Under £2k	£1,300.11	£29,982.96		£18,101.88				£110.82	£1,414.76	£50,910.53
	Over £2k		£2,983.95		£70,823.22					£68,785.30	£142,592.47
	Over £10k									£363,992.82	£363,992.82
	Total	£1,300.11	£32,966.91	£0	£88,925.10	£0	£0	£0	£110.82	£434,192.88	£557,495.82
Quarter 3 Totals		£23,360.74	£88,768.12	£125,301.43	£124,796.90	£5,583.54	£0	£0	£3,538.71	£458,572.08	£829,921.52

Table 8
Debts written off during 2010/11

Write Offs	Housing Benefits	General Income Debts	Former Tenant Arrears	Rents	PSL Homeless	Home Care	Residential Care	Council Tax	NNDR	TOTAL
2010-11 Totals	£62,876	£182,754	£125,301	£124,797	£5,584	£0	£0	£2,014	£482,367	£985,694

Top 10 debts written off in Quarter 3

NAME	ACCOUNT NUMBER	AMOUNT	DEPARTMENT	REASON
Phoenix line Ltd	200215284	£140,231.80	NNDR	Company gone into liquidation.
Parts Plaza (UK) Ltd	200055868	£68,595.00	NNDR	Company gone into liquidation
First London Power Ltd	200244802	£47,496.20	NNDR	Company dissolved
Mr Alan Andree	200062699	£35,418.06	NNDR	Rate payer gone away. Trace unsuccessful.
Razpec Beds Direct Ltd	200219002	£19,010.70	NNDR	Company dissolved
Ethos Recycling Ltd	200233473	£17,431.03	NNDR	Company gone into administration
White Pack Limited	200224107	£16,962.09	NNDR	Company dissolved
Bespoke Envelopes Direct Ltd	200136842	£15,976.75	NNDR	Company gone into administration
Lap Bodyworks Ltd	200229432	£14,779.16	NNDR	Company dissolved
John W Hannay & Co Ltd	200223593	£13,698.28	NNDR	Company gone into liquidation

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