



SUPPLEMENTARY 1

THE ASSEMBLY

Wednesday, 23 February 2011

Agenda Item 9. 2011/12 Budgetary Framework (Pages 1 - 66)

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ASSEMBLY**23 FEBRUARY 2011****REPORT OF THE CABINET MEMBER FOR FINANCE, REVENUES AND BENEFITS**

This report is submitted under Agenda Item 9. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order for the Council to meet its statutory obligations relating to the setting of its budgets and Council Tax for the next financial year.

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>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 an 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>	

These proposals were presented for scrutiny at the Public Accounts and Audit Select Committee on 2 February 2011.

The recommendations below and detailed proposals in the report were endorsed by the Cabinet on 15 February 2011.

Wards Affected: All

Recommendation(s)

The Assembly is recommended to approve:-

- (i) The Council Plan "Building a Better Life for All" as set out at Appendices A and B to the report;
- (ii) The Medium Term Financial Strategy for 2011/12 - 2013/14 as set out at Appendices C and D to the report;
- (iii) The Capital Investment Programme for 2010/11 - 2014/15 as set out at Appendix G to the report;
- (iv) The savings summary for 2010/11 - 2013/14, revised budget for 2010/11 and base budget for 2011/12 as set out at Appendices E, J and K to the report, resulting in a freeze in Council Tax levels for 2011/12 for the third year in succession;
- (v) The position on reserves as set out in paragraph 2.7 of the report;
- (vi) The Council's Prudential Indicators as set out in Appendix H to the report; and
- (vii) The Statutory Budget Determinations and Amount of Council Tax for the London Borough of Barking and Dagenham for 2011/12 as set out at Appendices L and M to the report (subject to the final precept announcement for the Greater London Authority).

Reason(s)

To assist the Council to achieve all of its Community Priorities through the setting of a prudent budget and Council Tax.

Comments of the Chief Financial Officer

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.

Comments of the Legal Partner

Legal comments appear in paragraph 7 of the report.

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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.

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	135,444	40,153	13,965	189,562
Funding				
- External	98,315	34,860	13,581	146,756
- Corporate Borrowing	25,907	5,041	384	31,332
- Dept Borrowing	11,222	252	0	11,474
Total	135,444	40,153	13,965	189,562

- 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 the 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 MTF 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.

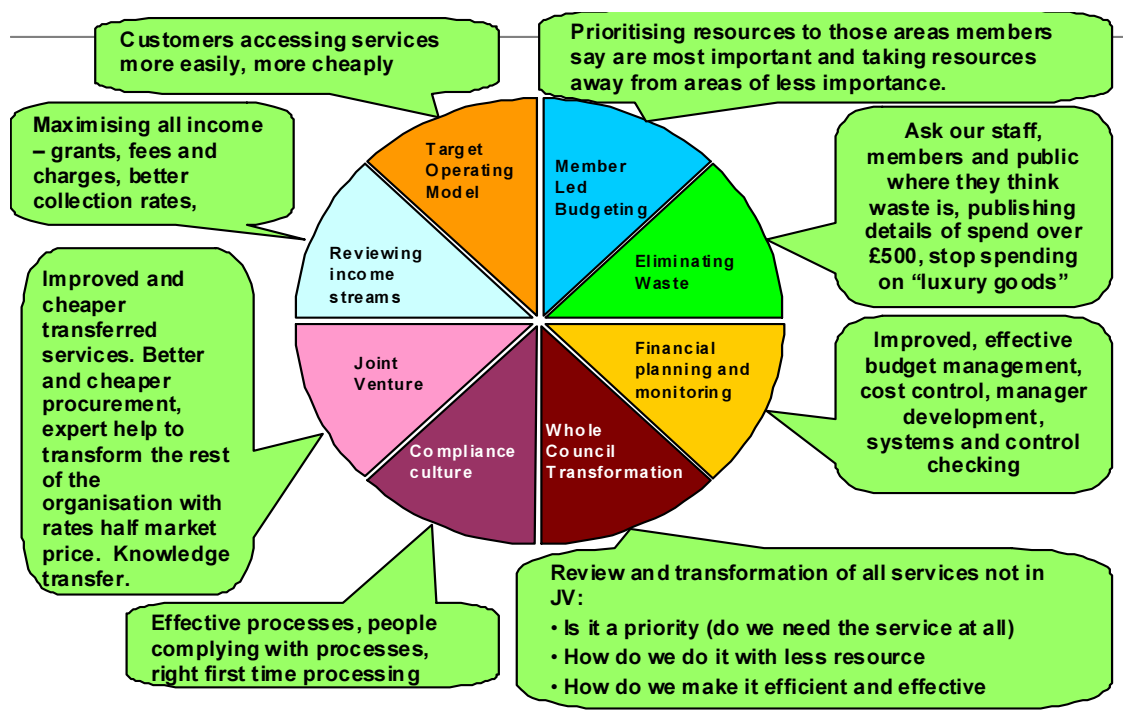
The Council has no choice about how much money it is given to manage its services. It does however have the ability to choose how it spends its money. This MTFS lays down the principles by which this Council intends not only to manage its resources through these very tough times but also how the

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 MTFFS 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> Revised	<u>2011/12</u> £'000	<u>2012/13</u> £'000	<u>2013/14</u> £'000
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
Additional New grants	-	-	2,787	-
Council Tax & Collection fund	-	500	3,116	-
Total Change in Income (B)	-	2,422	-	15,764
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	3 Year Total inc EB	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			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 LBBB GRANT ALLOCATION	2011/12 LBBB GRANT ALLOCATION	LBBB Grant Cut	IMPACT ON GRANT
ACS	Neighbourhood Crime & Justice Grant	HO	70,000	-	(70,000)	Grant Cut
ACS	Social Services improving IT infrastructure	DH	65,690	-	(65,690)	Grant Cut
ACS	Tobacco Control Grant	DH	100,000	-	(100,000)	Grant Cut
CHS	Adults Social Care Workforce	ABG	541,010	-	(541,010)	Rolled into Formula Grant
ACS	Adult Safeguarding Team	ABG	118,750	-	(118,750)	Rolled into Formula Grant
ACS	Carers	ABG	928,811	-	(928,811)	Rolled into Formula Grant
ACS	Community Reparation	ABG	26,600	-	(26,600)	Grant Cut
ACS	Free Swimming	ABG	727,000	-	(727,000)	Grant Cut
ACS	Learning & Disability Development Fund	ABG	157,700	-	(157,700)	Rolled into Formula Grant
ACS	Libraries family learning	ABG	47,500	-	(47,500)	Grant Cut
ACS	Local Involvement Networks	ABG	137,750	-	(137,750)	Rolled into Formula Grant
ACS	Mental Capacity Act & Independent Mental Capacity	ABG	25,650	-	(25,650)	Rolled into Formula Grant
ACS	Mental Health	ABG	513,982	-	(513,982)	Rolled into Formula Grant
ACS	Met Police - ASB and Operation Cougar	ABG	65,208	-	(65,208)	Grant Cut
ACS	PPO Scheme	ABG	16,222	-	(16,222)	Grant Cut
ACS	Preserved Rights	ABG	470,603	-	(470,603)	Rolled into Formula Grant
ACS	Preventing Violent Extremism	ABG	101,892	-	(101,892)	Grant Cut
ACS	Stronger Safer Communities	ABG	187,278	-	(187,278)	Unknown impact to date
ACS	Supporting People (see note 1)	ABG	5,650,993	-	(5,650,993)	Rolled into Formula Grant
ACS	Supporting People Administration	ABG	128,665	-	(128,665)	Grant Cut
ACS	Tackling Serious Acquisitive Crime	ABG	71,250	-	(71,250)	Grant Cut
ACS	Tackling violence	ABG	171,000	-	(171,000)	Grant Cut
ACS	Welfare rights & skills development	ABG	66,500	-	(66,500)	Grant Cut
ACS	Work with Young Victims of Crime	ABG	15,675	-	(15,675)	Grant Cut
ACS	YOS / DAAT - Family Focussed Skills Development	ABG	128,250	-	(128,250)	Grant Cut
ACS	YOT Parenting Orders	ABG	29,678	-	(29,678)	Grant Cut
ACS	Young People Substance Misuse	ABG	98,441	-	(98,441)	Rolled into Early Years Interventions Grant
ACS	Young peoples outreach (DAAT)	ABG	158,650	-	(158,650)	Grant Cut
ACS	AIDS Support	DH	292,000	-	(292,000)	Rolled into Formula Grant
ACS	Learning Disability & Health Reform Grant	DH	4,043,430	4,125,450	82,020	Continued Specific Grant Funding
ACS	Social Care Reform	DH	1,051,792	-	(1,051,792)	Rolled into Formula Grant
ACS	DCLG Formula Adjustment (theoretical grant not cash)	DH	131,563	-	(131,563)	Rolled into Formula Grant
ACS	Stroke Strategy	DH	90,000	-	(90,000)	Rolled into Formula Grant
ACS	Young Persons Substance Misuse Grant	DH via the PCT	64,540	64,540	0	Partnership Funded
ACS	Handypersons Grant / housing strategy for older people	CLG	70,000	-	(70,000)	Rolled into Formula Grant
ACS	Social Care infrastructure	DH	96,000	-	(96,000)	Grant Cut
ACS	Mental Health infrastructure	DH	114,000	-	(114,000)	Grant Cut
ACS	Drug Action Teams	HO	277,508	277,508	0	Partnership Funded
ACS	Youth Offending Teams Grant	YJB	778,459	778,459	0	Partnership Funded
ACS	Youth Crime Action Plan	DfE	180,000	-	(180,000)	Rolled into Early Years Interventions Grant
	TOTAL ADULTS & COMMUNITY SERVICES GRANTS		18,010,040	5,245,957	(12,764,083)	
CHS	Children's Social Care Workforce	ABG	48,660	-	(48,660)	Rolled into Early Years Interventions Grant
CHS	Additional Social Workers to reduce numbers of CIN.	ABG	285,000	-	(285,000)	Grant Cut
CHS	Apprenticeships Development Unit - Model 1	ABG	636,000	-	(636,000)	Grant Cut
CHS	Child & Adolescent Mental Health	ABG	487,626	-	(487,626)	Rolled into Formula Grant
CHS	Child Death Review Processes	ABG	47,046	-	(47,046)	Rolled into Formula Grant
CHS	Child Trust Fund	ABG	3,923	-	(3,923)	Rolled into Early Years Interventions Grant
CHS	Childcare Subsidy	ABG	50,000	-	(50,000)	Grant Cut
CHS	Children's Fund	ABG	443,226	-	(443,226)	Rolled into Early Years Interventions Grant
CHS	Choice Advisors	ABG	45,555	-	(45,555)	Grant Cut
CHS	Connexions	ABG	1,886,543	-	(1,886,543)	Rolled into Early Years Interventions Grant
CHS	Education Health Partnerships	ABG	52,919	-	(52,919)	Grant Cut
CHS	ESF Match Funding	ABG	625,000	-	(625,000)	Grant Cut
CHS	Extended Rights To Free Transport	ABG	2,255	-	(2,255)	Grant Cut
CHS	Extended Schools Start Up Grant	ABG	180,306	-	(180,306)	Grant Cut
CHS	Job Brokers	ABG	200,000	-	(200,000)	Grant Cut
CHS	Pilot Prevention Scheme	ABG	123,500	-	(123,500)	Grant Cut
CHS	Positive Activities for Young People	ABG	439,905	-	(439,905)	Rolled into Early Years Interventions Grant
CHS	Primary National Strategy - Central Co-Ordination	ABG	128,695	-	(128,695)	Grant Cut
CHS	Restorative Justice Scheme	ABG	59,850	-	(59,850)	Grant Cut
CHS	School Development Grant	ABG	1,452,864	-	(1,452,864)	Grant Cut
CHS	School Gates Employment	ABG	64,500	-	(64,500)	Grant Cut
CHS	School Improvement Partners	ABG	59,594	-	(59,594)	Grant Cut
CHS	School Intervention Grant	ABG	38,000	-	(38,000)	Grant Cut
CHS	Secondary National Strategy - Behaviour & Attendance	ABG	64,885	-	(64,885)	Grant Cut
CHS	Secondary National Strategy - Central Co-Ordination	ABG	133,285	-	(133,285)	Grant Cut
CHS	Skills, Learning & Enterprise - ESF/NRF Co-Financing	ABG	639,000	-	(639,000)	Grant Cut
CHS	Supported Lodgings	ABG	69,350	-	(69,350)	Grant Cut
CHS	Teenage Pregnancy	ABG	116,850	-	(116,850)	Rolled into Early Years Interventions Grant
CHS	The Empowered Voice	ABG	57,000	-	(57,000)	Grant Cut
CHS	Think Family (targeted interventions in key wards)	ABG	47,500	-	(47,500)	Grant Cut
CHS	LSC Staff transfer: Special Purpose Grant	ABG	264,989	-	(264,989)	Rolled into Formula Grant
CHS	Young People (detached youth workers, Foyer etc.)	ABG	142,500	-	(142,500)	Grant Cut
CHS	School Travel Advisors	ABG	15,200	-	(15,200)	Grant Cut
CHS	Adult and Community Learning from Learning and Skills	SFA	3,907,000	3,907,000	0	Partnership Funded
CHS	Further Education funding from Learning and Skills Cou	SFA	130,000	130,000	0	Partnership Funded
CHS	Local Area Agreements (LAA) Pump Priming Grant	CLG	57,000	-	(57,000)	Grant Cut
CHS	Inspiring Community Grant	CLG	275,000	-	(275,000)	Grant Cut
CHS	Contact Point	DCSF	149,000	-	(149,000)	Rolled into Early Years Interventions Grant
CHS	Dedicated Schools Grant (DSG)	DCSF	152,321,000	152,321,000	0	Rolled into Dedicated Schools Grant
CHS	Education Maintenance Allowance	YPLA	57,000	-	(57,000)	Grant Cut
CHS	London Pay Addition	DCSF	777,000	777,000	0	Rolled into Dedicated Schools Grant
CHS	School Standards Grant (including Personalisation)	DCSF	7,029,000	7,029,000	0	Rolled into Dedicated Schools Grant
CHS	Sixth forms funding from Young People's Learning Agen	DCSF	13,145,000	13,145,000	0	Rolled into Dedicated Schools Grant
CHS	Remainder of CYP grant not in EIG (total is 946k)	DCSF	5,579	-	(5,579)	Rolled into Formula Grant
CHS	Standards Fund (excluding elements now in ABG)	DCSF	17,435,000	17,435,000	0	Rolled into Dedicated Schools Grant
CHS	Sure Start, Early Years and Childcare Grant	DCSF	9,982,233	-	(9,982,233)	Rolled into Early Years Interventions Grant
CHS	Targeted Mental Health in Schools	DCSF	222,500	-	(222,500)	Rolled into Early Years Interventions Grant
CHS	Think Family Grant	DCSF	570,000	-	(570,000)	Rolled into Early Years Interventions Grant
CHS	Youth Opportunity	DCSF	254,400	-	(254,400)	Rolled into Early Years Interventions Grant
CHS	Two Year old offer	DCSF	727,700	-	(727,700)	Rolled into Early Years Interventions Grant
CHS	Short Breaks	DCSF	811,030	-	(811,030)	Rolled into Early Years Interventions Grant
CHS	Foundation Learning	DCSF	77,618	-	(77,618)	Rolled into Early Years Interventions Grant
CHS	Asylum Seekers	HO	1,436,000	1,436,000	0	Claim funded
	TOTAL CHILDRENS SERVICES GRANTS		218,280,586	196,180,000	(22,100,586)	

LBBB GRANT RECONCILIATION

DIVISION	GRANT	ORIGINAL SOURCE / PROVIDER	2010/11 LBBB GRANT ALLOCATION	2011/12 LBBB GRANT ALLOCATION	LBBB Grant Cut	IMPACT ON GRANT
CUS	Homelessness (PSA Grant Fund)	DH	94,000	-	(94,000)	Rolled into Preventing Homelessness Grant
CUS	Homelessness	CLG	101,000	-	(101,000)	Rolled into Preventing Homelessness Grant
CUS	Overcrowding Allowance	CLG	100,000	-	(100,000)	Rolled into Preventing Homelessness Grant
CUS	Rent Deposit Scheme	CLG	200,000	-	(200,000)	Rolled into Preventing Homelessness Grant
CUS	Sub regional Funding	CLG	500,000	-	(500,000)	Rolled into Preventing Homelessness Grant
CUS	Loss of Homelessness grant	CLG	83,950	-	83,950	Rolled into Preventing Homelessness Grant
CUS	Mobile Homes Act	CLG	688	-	(688)	Rolled into Formula Grant
CUS	Sustainable Travel - General Duty	ABG	11,899	-	(11,899)	Grant Cut
CUS	Concessionary Fares	DFT	1,177,255	-	(1,177,255)	Rolled into Formula Grant
CUS	Council Tax Benefit: subsidy	DWP	19,133,000	19,133,000	0	Claim funded
CUS	Housing Benefit & Council Tax Benefit Admin grant	DWP	2,167,261	2,033,676	(133,585)	Continued Specific Grant Funding
CUS	Mandatory Rent Allowances: subsidy	DWP	54,053,000	54,053,000	0	Claim funded
CUS	Mandatory Rent Rebates outside HRA: subsidy	DWP	10,711,000	10,711,000	0	Claim funded
CUS	Rent Rebates Granted to HRA Tenants: subsidy	DWP	45,068,000	45,068,000	0	Claim funded
CUS	Migration Impact	GOL	53,000	-	(53,000)	Grant Cut
CUS	Citizenship Payments- Nationality Checking	HO	141,000	141,000	0	Claim funded
	TOTAL CUSTOMER SERVICES GRANTS		133,427,153	131,139,676	(2,287,477)	
RES	Apprenticeships	ABG	95,000	-	(95,000)	Grant Cut
RES	Climate Change (Planning Policy Statement)	ABG	22,500	-	(22,500)	Grant Cut
RES	LEGI / Environmental Initiatives	ABG	727,000	-	(727,000)	Grant Cut
RES	Pump Priming Initiatives	ABG	95,000	-	(95,000)	Grant Cut
RES	Tackling local priorities	ABG	19,000	-	(19,000)	Grant Cut
RES	Taskforce Initiatives	ABG	300,000	-	(300,000)	Grant Cut
RES	Total Commissioning	ABG	200,000	-	(200,000)	Grant Cut
CORP	Private Sewers - RSG TOP SLICE	RSG	66,679	62,209	4,470	Grant Cut
CORP	Planning SUD's Appeal - RSG TOP SLICE	RSG	4,052	-	4,052	Grant Cut
CORP	Academies Administration - RSG TOP SLICE	RSG	714,132	563,042	151,090	Grant Cut
FIN	Finance Adjustment for unknown grants to date	RSG	-	236,481	236,481	Unknown impact to date
FIN	Contribution to Support Council Budget	ABG	500,000	500,000	0	Grant Cut
FIN	ABG Holding code 10.G10.40010.G10015	ABG	500,015	500,015	0	Grant Cut
	TOTAL FINANCE & RESOURCES GRANTS		1,673,652	611,245	(1,062,407)	
	Formula Grant		102,784,571	105,424,268	2,639,697	Above grants absorbed - Adjusted figure is £115,017,514
	Preventing Homelessness grant		-	600,000	600,000	10/11 ABG & SG absorbed into new EIG
	Early Years Intervention Grant		-	13,307,640	13,307,640	10/11 SG absorbed into new homelessness grant
	Area Based Grant		-	-	0	Absorbed entirely within FG & SG prior to Grant cuts
	NHS Grants		-	2,432,367	2,432,367	New Grant Funding
	New Homes Grant		-	355,000	355,000	Additional Bonus Grant
	Council Tax Freeze Grant		-	1,314,553	1,314,553	Additional Bonus Grant
	TOTAL CORPORATE GRANTS		102,784,571	123,433,828	20,649,257	
	TOTAL LBBB GRANTS		474,176,002	456,610,706	- 17,565,296	

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	50,293	70,785	22,228	465	0	143,771	131,966	0	750	0	0	11,055	0	143,771
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	127,586	135,444	40,153	13,965	0	317,148	170,706	54,762	1,613	0	22,167	67,900	0	317,148

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		7,796
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
Dagenham Park Comprehensive - PFI	7,698	13,792	2,378	81		23,949	23,949									23,949
NEW BIDS																
Provision of New School Places			14,000			14,000	14,000									14,000
Total for Children's Services	50,293	70,785	22,228	465		143,771	131,966		750		11,055					143,771

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
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	127,586	135,444	40,153	13,965		317,148	170,706		54,762	1,613		22,167	67,900			317,148

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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.

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%					
<p>Cumulatively for the authority the following groups are more adversely affected:</p> <ul style="list-style-type: none"> - 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. <p>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.</p> <p>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.</p> <p>General comments:</p> <ul style="list-style-type: none"> - 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. 										

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	2009/10 OUTTURN £'000	2010/11 ORIGINAL BUDGET £'000	2010/11 REVISED BUDGET £'000	2011/12 BASE BUDGET £'000
Adults & Community Services	67,541	69,978	70,352	59,897
Children's Services	53,595	60,284	59,568	52,041
Customer Services	26,041	24,852	19,720	13,542
Finance & Resources	14,478	13,502	15,764	21,996
General Finance	2,643	(27,850)	(25,376)	24,383
Contingency	0	6,023	6,760	2,834
Levies & Precepts	7,642	7,983	7,983	8,689
Dedicated Schools Grant	(2,694)	0	0	0
TOTAL	169,246	154,771	154,771	183,381

NOTES:

Departmental Budgets are Subject to Change

DSG Budget figures are to be confirmed

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