

SUPPLEMENTARY AGENDA 1

THE EXECUTIVE

Tuesday, 17 February 2009

- Agenda Item 8. Housing Revenue Account Estimates and Review of Rents and Other Charges 2009/10 (Pages 1 - 19)**
- Agenda Item 9. The Capital Programme 2009/10 - 2012/13 (Pages 21 - 88)**
- Agenda Item 10. Council Tax 2009/10 (Pages 89 - 153)**

Contact Officer: Sola Odusina
Telephone: 020 8227 3103
Fax: 020 8227 2171
Minicom: 020 8227 2685
E-mail: sola.odusina@lbbd.gov.uk

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THE EXECUTIVE

17 FEBRUARY 2009

REPORT OF THE EXECUTIVE DIRECTOR OF CUSTOMER SERVICES

<p>Title: Housing Revenue Account (HRA) Estimates and Review of Rents and Other Charges 2009/10</p>	<p>For Decision</p>
<p>Summary: The Council has a statutory responsibility through the Local Government and Housing Act 1989 to manage the HRA as a ring fenced landlord account providing housing services to the Council's tenants. This report makes recommendations on the setting of rents, tenants' service charges and other charges for 2009/2010, along with planned reductions in expenditure, to achieve a prudent working balance.</p> <p>The Local Government and Housing Act 1989 Section 74 Part V1 specifies the major items that must be included in the HRA. Section 66(4) of the Act specifies that the HRA must be produced in accordance with approved Accounting Code of Practice.</p> <p>Wards Affected: ALL</p>	
<p>Recommendations: The Executive is recommended to agree:</p> <ul style="list-style-type: none"> (a) The HRA estimates for 2009/2010, as set out in Appendix 1; (b) Subject to (a) above, weekly rent increases, calculated in accordance with the Governments rent restructuring policy, increase by an average of 6.78% or £5.19; (c) The completion of the phased de-pooling of tenant service charges in respect of caretaking, grounds maintenance, cleansing, television aerials and security, in order to minimise the Council's liability for Rent Rebate Subsidy limitation; (d) Increasing the communal heating charges by 10.00%; (e) Increasing garage rents for garages by 6.78%; (f) Prudential borrowing of £500,000 per annum to fund capital programme works; (g) The above changes taking effect from 6 April 2009. 	
<p>Reasons: To meet the Council's statutory duty to annually review rents and other charges, to ensure rent levels conform with the Government's rent restructuring proposals and to produce a balanced Housing Revenue Account and assist in achieving the Community Priority of 'Improving Health, Housing and Social Care'.</p>	
<p>Implications:</p>	
<p>Legal: Through the Local Government & Housing Act 1989 the Council has a statutory responsibility to manage a ring fenced HRA and is responsible for ensuring that the HRA maintains prudent revenue balances. It is illegal for the Council to set a deficit HRA</p>	

budget.		
Legal Partner: The legal implications of the recommendations are included in the report.		
Risk Management: The recommendations set out in this report enable the Council to set a balanced HRA budget for 2009/2010 whilst maintaining a prudent working balance. Failure to approve the recommendations in this report would mean the Council might not be able to set a balanced budget for 2009/2010. This could lead to a working balance shortfall or further savings reviews. These options could leave the HRA vulnerable to unforeseen cost implications in excess of the working balance or the need to reduce services to tenants through further savings to meet its legal obligations.		
Social Inclusion & Diversity: As this report does not concern a new or revised policy there are no specific adverse impacts insofar as this report is concerned.		
Crime & Disorder: There are no specific implications in so far as this report is concerned.		
Options Appraisal: The level of rent increase is controlled by the Government, and within the cap of total expenditure the Council has revised its estimates for inflation based on the factors set by Executive, reviewed charges and considered options for savings as set out in this report.		
Contact Officer: Stephen Clarke	Title: Divisional Director of Housing Services	Contact Details: Tele: 020 8227 3738 Email: Stephen.Clarke@lbbd.gov.uk

1 INTRODUCTION

- 1.1 This report sets out the 2009/10 HRA budget, together with proposed increases in rent and other charges, the outcome of the tenants consultation exercise, reviews the forecast position and options for achieving a balanced budget.

2 POLICY CONTEXT

- 2.1 The Council has a statutory responsibility through the Local Government and Housing Act 1989 to manage the HRA as a ring fenced landlord account providing housing services to the Council's tenants and leaseholders. This report makes recommendations on the setting of rents and other charges for 2009/10 in accordance with the Council's statutory responsibility.
- 2.2 The Local Government and Housing Act 1989 Section 74 Part VI specifies the major items that must be included in the HRA. Section 66(4) of the Act specifies that the HRA must be produced in accordance with approved Accounting Code of Practice.

3 HRA OUTLOOK

- 3.1 The main source of income to the HRA is from tenants rent and service charges. This source of income, controlled specifically through Government policy to ensure rents are fair and reasonable, has in recent years struggled to match the increased level of subsidy paid to the Government. In short, there are many strategic challenges to overcome over the next few years to ensure the long term viability of the HRA. As part of these challenges officers have been able to maximise additional income through reviewing key technical areas of the HRA to identify potential additional resources. In 2008/09 a technical review was undertaken that identified additional income. This has increased the working balance to £4.190m but notwithstanding the medium term pressures on the HRA through the demands from the Housing Subsidy system mean that the HRA must continue to actively identify opportunities to maximise income or reduce costs.
- 3.2 In 2009/10 the Housing Subsidy payment to Government will increase by £5.408m while rental income and charges will increase by £8.181m assuming the phased depooling of current tenant service charges is completed in 2009/10. The increased income includes £4.107m from the reduction in the Rent Rebate Subsidy Limitation. Appendix 3 analyses how this benefit has been achieved since 2008/09. So in real terms the increase in rents and tenant service charges to be borne by tenants is £4.074m equivalent to a 6.78% average increase in tenant rent and tenant service charge.
- 3.3 In 2009/10 tenant service charges have been depooled to full cost to maximise income from the Rent Rebate Limitation. Tenants are protected from high increases in rents and tenant service charges through the 'Retail Price Index (RPI) + ½% + £2' constraint built into the rent restructuring policy. The HRA will benefit by £1.696m through the completion of the depooled tenant service charges and this is the consistent approach with which the majority of other Councils have dealt with tenant service charges. If the depooling was not completed in 2009/10 then income of £1.696m would be lost meaning additional income would fall from £8.181m to £6.484m compared to increased subsidy of £5.408m. This would leave the HRA with an increased income of £1.076m to fund inflation and growth in 2009/10 on £54.059m worth of service costs, this equates to inflation of 1.99% across all services.
- 3.4 The Government have initiated a review of the Housing Subsidy system and the Government comment 'The purpose of the review is to develop a sustainable, long term system for financing council housing, one that is consistent with wider housing policy, including the establishment of a regulator of social housing'. The review is due to report to Ministers in March 2009 however this could be delayed. The review will set out subsidy options framed around four key areas. These being :
- Cost and standards;
 - Rents and service charges;
 - Funding mechanisms, and
 - Rules governing the HRA.

4 FINANCIAL STRATEGY

- 4.1 The financial strategy for the HRA is to secure the medium and long term financial viability of the HRA. This includes robust financial management in the short to medium term to ensure a balanced HRA budget is set annually whilst ensuring that a prudent working balance is maintained to support the service. This is particularly relevant with the increasing demands of the Housing Subsidy system. In 2009/10 the payment of guideline rent (the Government's assumption of what the Council will generate in rental income) increases by 9.38% whilst the management allowance increases by 2.85% and the maintenance allowance remains cash limited at 2008/09 levels.
- 4.2 Notwithstanding these difficulties, officers are recommending a budget for 2009/10 that increases reserves by £876,000 whilst accruing a £639,000 deficit in 2008/09. This has been achieved through maximising one off opportunities of increasing other Government funding and reducing the Rent Rebate Subsidy Limitation through depooling tenant service charges. These opportunities will not be available from 2010/11.
- 4.3 The detailed medium term financial strategy for the HRA will be brought to a future Executive meeting for approval.

5 FINANCIAL IMPLICATIONS

5.1 RENTAL INCOME

- 5.1.1 The Government, through the rent restructuring policy, determines annual increases in rent levels. The purpose of this policy is to charge tenants fair and affordable rents below private sector market rents. The rent restructuring policy originally required tenant rents to converge to formula rent by 2011/12. In the 2009/10 subsidy determination, the Government extended convergence to formula rent to 2023/24. In Barking & Dagenham, this will mean that some tenants rent will take longer to converge than originally intended and so reduce the rent charged by the Council in the short term.
- 5.1.2 As part of the annual subsidy determination, the Government will protect Council's where tenant's rents do not converge due to the rental income constraints of following the rent restructuring policy. This is applied through the 'caps and limits' constraints that ensure an individual tenant does not have a rent increase (including tenant service charges) that exceeds $RPI + \frac{1}{2}\% + £2$. The impact of the 'caps & limit' constraint in 2009/10 will be a loss of rental income of £271,000. However, under the revised subsidy determination rules this lost income will be paid in arrears by the DCLG i.e. 2010/11.
- 5.1.3 As part of the rent restructuring policy the Government encourages Councils to depool tenant service charges to provide transparent charges for services to tenants outside of the basic rent (see Section 5.2). The Government considers this good practice and provides financial incentives through the rent rebate subsidy limitation calculation within the Housing Benefit & Council Tax grant claim to those Council's who depool tenant service charges. In 2006/07 Barking & Dagenham initiated a phased approach to depooling; It is proposed that the

Council finalises the phased approach to depooling the current tenant services in 2009/10.

- 5.1.4 The 2009/10 housing subsidy determination instructs Councils to increase rental income by RPI of 5.00% plus 0.50% plus an element for rent convergence as directed through the rent restructuring policy. With the Council's completion of the phased approach of depooling tenant service charges this means that basic rent convergence will equate to a 1.28% increase in rent. This means the Council propose to increase rents and tenant service charges in line with Government policy and so the average rent increase will be 6.78% or £5.19 per tenant per week. Appendix 3 summaries the year on year changes in rental income, tenant service charges and the impact on rent rebate subsidy limitation assuming the Council continues the phased introduction of tenant service charges for ground maintenance, cleansing, caretaking, concierge, TV aerials and security. Appendix 3 also demonstrates that the average rent increase including the completion of the depooling of tenant service charges sees an annual increase of 6.78%. In completing the phased depooling the HRA will also benefit from a significant reduction in the Rent Rebate Subsidy Limitation of £1.696m plus an additional £302,000 from rent convergence. It is essential to balancing the HRA in 2009/10 that the depooling of tenant service charges is completed and the RRSL savings are achieved.
- 5.1.5 The average weekly tenants rent will increase by 6.78% although this represents a 1.15% increase in the basic rent. Tenant service charges will increase 172.22% after full depooling thus equating to an average of £6.78%. In financial terms this equates to basic rents increasing by £0.85 from £74.05 to £74.90, tenant service charges increasing by £4.34 from £2.52 to £6.86 meaning the total charge on average will increase by £5.19 from £76.57 to 81.76. The highest individual increase is £6.48 and the highest percentage increase is 8.75%.
- 5.1.6 Appendix 8 summaries the overall position of the rent debtor account. The HRA had current debtors of £2.371m and former tenant debtors of £1.461m as at the 1st April 2008. Current projections indicate that debt will increase by £146,000 or 3.81% in 2008/09 and by £175,000 or 4.40% in 2009/10. The HRA has prudently provided bad debt provisions to support the total rental debt and in 2009/10 has set aside a further £746,000 provision, equivalent to 1% of the rent debit in 2009/10.

5.2 TENANT SERVICE CHARGES

- 5.2.1 In accordance with the Governments policy on rent restructuring the Council has completed the depooling of existing tenant services for ground maintenance, cleansing, caretaking, concierge and security. Landlord lighting has also been included in this exercise.
- 5.2.2 Appendix 3 summaries the impact of the final stage of the phased depooling of tenant service charges for grounds maintenance, caretaking, concierge, street lighting, bulk refuse and security. The Council recently undertook a service review to establish the full cost of providing these services and recommends that full charge is applied to tenants from 2009/10 for the service they receive. This represents an increase in tenant service charge income of 172.22% or from an average of £2.52 to £6.86. All tenants that are eligible to pay the increased

tenant service charge will see a reduction in their basic rent equivalent to the depooled service charge.

- 5.2.3 The depooled tenant service charges are all eligible for Housing Benefit. Those tenants that are in receipt of full Housing Benefit will be entitled to Housing Benefit on their tenant service charges.

5.3 RENT REBATE LIMITATION

- 5.3.1 The HRA will see a reduction in the amount payable to the Councils General Fund by completing the depooling of tenant service charges in accordance with Government policy and good practice. The reduction in RRSL payable by the HRA will not impact negatively on the Council General Fund as the Department for Works & Pensions will fund the gap. The cost to the HRA of RRSL in 2008/09 was estimated to be £4.611m however as a result of detailed work in this area to maximise the benefits to the HRA this will reduce to £504,000. Appendix 4 summarises the changes in RRSL from 2008/09 to 2009/10 and shows that the direct impact of completing the depooling exercise (see Section 5.2) will result in a reduction in the amount payable from the HRA from of £1.696m. The HRA will also benefit from the review of new and extended services through a reduction in limitation of £1.344m between 2008/10.

- 5.3.2 As part of the review into depooling tenant service charges council officers completed a technical review of the asset valuations on Council dwellings that resulted in a reduction in the amount payable in limitation of £700,000. This also resulted in a similar adjustment to asset valuations used to determine guideline rents through the Housing Subsidy system and resulted in an increase subsidy payable of £1,000,000. This meant a net loss of £300,000 was incurred; This was necessary to ensure the HRA benefited from the Rental Constraint Allowance in 2007/08 which generated £890,000 additional income.

5.4 HOUSING SUBSIDY DETERMINATION

- 5.4.1 The HRA contributes annually to the national notional HRA based on the Housing Subsidy Determination as issued by the Secretary of State through the Department for Communities and Local Government. The Councils HRA continues to be a net contributor to the national notional HRA and this will increase from £17.046m to £22.057m in 2009/10. This represents an increase of £5.011m or 29.4%. Appendix 6 summarises the movement in the subsidy determination. The key issues to be taken from this include:

- 5.4.2 The subsidy payable to the Treasury in 2009/10 has risen to £22.057m from £17.046m representing a net increase of £5.011m or 29.4%. Members should note that if the Major Repairs Allowance was excluded from these figures (MRA funds capital) then the subsidy payable to the Treasury increases to £34.314m a year on year increase of £5.408m. The payment of subsidy to the Treasury (excluding MRA) equates to £34.19 per tenant per week or 45.73% of each tenants basic rent.

- 5.4.3 The management allowance has increased by a GDP inflation factor of 2.85%. This translates into a real term increase of 2.6% when dwelling sales are taken into account.
- 5.4.4 The maintenance allowance remained at 2008/09 level. This is due to the premise that the HRA already receives more than the calculated allowance payable to the HRA based on the 2009/10 subsidy determination. However transitional arrangements are in place to protect those HRAs where their allowance would reduce should it be reset to the current subsidy value. In 2009/10, as in previous years, the Councils HRA receives transitional protection on the maintenance allowance. This will benefit the HRA by £1.497m in 2009/10 however this represents a freeze on the allowance from 2008/09. Notwithstanding the transitional protection is agreed annually by Ministers and as such could be removed from 2010/11.
- 5.4.5 The major works allowance has increased by 6.0% in 2009/10 representing an increase of £773,000 in additional resources. These resources are earmarked to fund the Councils Decent Homes Programme (Housing Futures) through the Major Repairs Reserve and so will not directly benefit the HRA.

5.5 OTHER INCOME

- 5.5.1 There are numerous other sources of income to the HRA other than rental income. The main sources of income include:
- 5.5.1.1 Commercial property rents are set based on the contractual agreement in place at the start of the commercial let. The contract determines the annual increase in the rental charge. Where a contract comes up for renewal or is a new contract then these charges are determined based on market conditions.
- 5.5.2 Garage rental income will increase by 6.78% in line with increase in tenant rents. This equates to average garage charges increasing by £0.69 from £10.15 to £10.84.
- 5.5.3 The heating & hot water charge is paid by over 3,300 tenants and formed part of the ongoing HRA technical review. Section 10 of this report provides further analysis on this area.
- 5.5.4 The HRA charges and collects water rates from tenants on behalf of the Essex Water Board (ESB). The ESB in return pay the HRA a fee for the management and collection of water rates. The ESB also determine the annual increase in charges and these are then applied by the HRA to individual tenants. The ESB's proposed increase in 2009/10 has still to be agreed and so the Council have not been notified of the proposed increase to date.
- 5.5.5 Leaseholder service charges are calculated on the actual costs of providing the service to leaseholders. For budget purposes income is assumed to increase by 3% based on projected estimated increases in costs in 2009/10 and the increase in the number of leaseholders.

6 HOUSING FUTURES PROGRAMME (DECENT HOMES)

- 6.1 The Housing Futures programme is funded mainly from the Councils capital receipts and the Major Repairs Allowance (MRA). The MRA is the redirection of the HRA's revenue resources to capital through the Housing Subsidy determination. In 2009/10 the MRA will be £13.490m, an increase of £561,000 or 6.00%. Appendix 6 summarises the MRR financial position and details the drawdown from the account to support the Councils Housing Futures capital programme.
- 6.2 The Housing Futures programme is funded mainly from the Councils capital receipts and the Major Repairs Allowance (MRA). The MRA, paid by the Government through the Housing Subsidy Determination, is paid into the HRA annually and then transferred to the Major Repairs Reserve (MRR). In 2009/10 the MRA will be £13.490m, an increase of £561,000 or 6.00%. Appendix 6 summarises the MRR financial position and details the drawdown from the account to support the Councils Housing Futures capital programme.
- 6.3 The DCLG is consulting on the option to bring forward future years MRA payments into 2009/10 to assist Councils deliver their Decent Homes programme. This option is being monitored by officers and subject to further information being made available by the DCLG, it is likely that the Council will express an interest in receiving MRA earlier. This is particularly important with current pressures on financing the Housing Futures programme however it should be noted that this is not additional income but an advance of MRA.
- 6.4 Whilst the main sources of funding for the Housing Futures programme is covered earlier it is possible for the HRA to make a revenue contribution to the MRR to assist with the funding of the capital programme. Members should note that to do this would require the HRA to maintain significant working balances that protect the long-term viability of the HRA.

6.5 HOUSING CAPITAL PROGRAMME

- 6.6 Notwithstanding the financial pressures on the HRA working balance the Councils dwellings do require additional capital works to meet Government and residents expectations. The HRA has set aside a revenue estimate of £500,000 to finance £6.0m prudential borrowing.
- 6.7 Work is ongoing to achieve an estimated £1.2m savings on the Council's repairs and maintenance contract with Enterprise plc. The HRA will take £272,000 of these savings to balance the 2009/10 budget. The remaining savings will be set aside as a revenue contribution to capital to assist in managing the funding gap on the Housing capital programme.

7 HOUSING MODERNISATION PROGRAMME

- 7.1 In 2007/08 the Executive agreed a three year capital programme for the delivery of the Housing Modernisation Programme (HMP). The HMP project will cost £7.0m over the period 2007/10 and is scheduled to go live in October 2009. The

project has been funded through Council receipts of £4.5m and the remaining £2.5m is to be funded from the HRA.

- 7.2 As part of the initial approval of this scheme the HRA identified various financial benefits that would be achieved in future years. In light of these financial benefits being achieved in future years the HRA has prudently assumed that funding of the £2.5m should be built into the budget until the financial benefits are realised. Therefore a budget of £385,000 has been made available however it is expected that in future years this will reduce in line with the financial benefits that are achieved through the introduction of HMP.

8 RECHARGES

- 8.1 Recharges to the HRA are for services provided to HRA tenants and leaseholders by internal Council services. These range from central service functions such as Payroll, Finance and IT to front line delivery services such as Refuse Collection, Grounds Maintenance and Building Cleaning. Recharges in 2008/09 of £11.367m were charged to the HRA and in 2009/10 recharges of £11.892m will be charged for the same services. This represents an increase of £525,000 or 4.61%.
- 8.2 Additional new recharges of £535,000 will be charged to the HRA from 2009/10 for functions that have transferred from the HRA to other Council Departments. This includes recharges for the One Stop Shop, Transportation and Traffic to Highways, and Tenancy Investigation Team.

9 DIRECT COSTS

- 9.1 The HRA provides a repairs and maintenance service to tenants as part of its duty as a social landlord. The HRA has set aside a budget of £25.165m to meet its landlord duty in 2009/10. As in 2008/09 a revenue capitalisation budget of £3.50m is available to the HRA and so the net cost of repairs and maintenance to the HRA is 21.665m. This is broadly in line with the resources available in 2008/09 which were £21.754m.
- 9.2 HRA supervision and management costs will increase by £2.582m from £25.366m to £27.948m representing an increase of 10.2%. The increase in supervision and management costs can be separated into the following categories:
- a) Inflation on salaries in line with the Corporate target of 2.50% which equates to £464,000;
 - b) Increases in central recharges of £1.760m representing a 4.61% increase from 2008/09 base plus new support charges for One Stop Shop, Transportation and Traffic to Highways, and Tenancy Investigation Team;
 - c) Increase in energy costs of £241,000 to meet higher cost base from 2008/09;

10 HEATING AND HOT WATER

- 10.1 A fundamental review of heating and hot water charges was undertaken recently to determine whether the HRA was recovering the full cost of the service from residents. Charges specifically to leaseholders are based on the actual cost of the service provided with final bills being issued after the financial year to reflect the actual cost incurred during the year. With tenants, however the charge is determined before the start of the year and applied weekly to tenants account. The Council does not have a policy to charge tenants retrospectively after the year-end should energy costs fluctuate. Whilst a mid-year change is possible it is important that the initial charge to tenants reflects the estimated increase in costs likely to occur over the coming year.
- 10.2 The current economic climate makes it difficult to assess what is likely to happen with fuel costs in 2009/10. The recent decision by British Gas to reduce charges by 10% gives an indication that the energy markets may well reduce their charges in 2009/10. Notwithstanding, as British Gas do not provide gas to the Council, an element of prudence needs to be taken as their still remains some uncertainty in the energy market. A proposal to leave charges at the current level would seem most appropriate and therefore a standstill on charges for inflation is recommended.
- 10.3 The review of heating and hot water costs has shown that current charges for 2008/09 are broadly in line with costs. However, the review identified, unlike leaseholders, tenants are not charged for the administration of this service. It is reasonable for the HRA to recover administration costs from tenants. This approach is consistent with the administration charge to leaseholders and the administration charge to tenants for tenants service charges. On the basis of consistency, it is proposed that heating and hot water charges increase by 10% in 2009/10. This will result in heating and hot water charges increasing on average by £0.81 to £8.91 per week from April 2009.
- 10.4 From 2009/10 a separate heating and hot water account is to be set up within the HRA to enable all expenditure and income to be consolidated into one account for ease of monitoring.

11. CONSULTEES

- 11.1 The following were consulted in the preparation of this report:
- Councillor L Smith – Lead Member for Housing
 - Stephen Clarke – Divisional Director of Housing
 - Bill Murphy – Corporate Director of Resources
 - David Woods – Corporate Director of Customer Services
 - Yinka Owa – Legal Partner

BACKGROUND PAPERS USED IN THE PREPARATION OF THE REPORT:

- Department for Communities and Local government (DCLG) 2008/09 and 2009/10 Subsidy Determinations;

- Office of the Deputy Prime Minister (ODPM) Consultation Papers on Resource Accounting and Rent Convergence;
- ODPM Consultation paper on the three year review of Rent Restructuring;
- Local Government Act 2003.
- Service Plan for Housing Services;
- Executive Report 2008-09 Housing Revenue Account (HRA) Estimates and Review of Rents and other Charges

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HRA ESTIMATE 2009/10				
	2008/09	2009/10	Change	%
	£000	£000	£000	Increase
INCOME				
Rents of dwellings	(74,017)	(74,068)	(51)	0.1%
Non dwelling rents	(2,593)	(2,473)	120	-4.6%
Charges for services and facilities	(5,374)	(10,575)	(5,201)	96.8%
Capitalisation of Revenue Repairs	(3,500)	(3,500)	0	0.0%
TOTAL INCOME	(85,484)	(90,616)	(5,132)	6.0%
EXPENDITURE				
Repairs and maintenance	25,254	23,982	(1,272)	-5.0%
Supervision and management	25,366	27,996	2,630	10.4%
Rents, rates, taxes and other charges	394	524	130	33.0%
HRA Subsidy payable	17,046	22,057	5,011	29.4%
Depreciation of fixed assets	12,981	13,689	708	5.5%
Increase in provision for bad debts	700	746	46	6.6%
Rent rebates subsidy limitation	4,611	504	(4,107)	-89.1%
TOTAL EXPENDITURE	86,352	89,498	3,146	3.6%
NET COST OF HRA SERVICES	868	(1,118)	(1,986)	-228.8%
Corporate and Democratic Core	792	811	19	2.4%
Revenue Contribution towards Capital	255	1,885	1,630	639.2%
NET COST OF HRA SERVICES	1,915	1,578	(337)	-17.6%
Interest and investment income	(1,660)	(1,364)	296	-17.8%
Transfer from Rent Reserve	0	(214)	(214)	0.0%
DEFICIT / (SURPLUS) FOR THE YEAR	255	(0)	(255)	-100.0%

APPENDIX 2

HRA WORKING BALANCE	
	2009/10 £000
Working Balance 1st April 2008	(2,165)
Additional Resources:	
Rental Constraint Allowance	(185)
Rent Rebate Subsidy Limitation 2007/08	(589)
Rent Rebate Subsidy Limitation 2008/09	(1,169)
Projected Deficit 2008/09	639
Working Balance 1st April 2009	(3,469)
Deficit Budget 2009/10	(0)
Working Balance 31st March 2010	(3,469)

HRA RENT RESERVE	
	2009/10 £000
Reserve Balance 1st April 2008	(1,284)
Draw Down to HRA 2008/09	214
Working Balance 1st April 2009	(1,070)
Draw Down to HRA 2009/10	214
Reserve Balance 31st March 2010	(856)

TOTAL HRA BALANCES	
	2009/10 £000
Working Balance 31st March 2010	(3,469)
Rent Reserve Balance 31st March 2010	(856)
Total HRA Balances 31st March 2010	(4,325)

APPENDIX 3

RENTAL INCOME ANALYSIS				
	2008/09 £000	2009/10 £000	Change £000	% Increase
INCOME				
Rents of dwellings	-74,017	-73,868	149	-0.20%
Tenant Service Charges	-2,542	-6,765	-4,223	166.13%
TOTAL INCOME (INCLUDING STOCK LOSS IMPACT)	-76,559	-80,633	-4,074	5.32%
Rent rebates subsidy limitation	4,611	504	-4,107	-89.07%
TOTAL INCOME	-71,948	-80,129	-8,181	11.37%

APPENDIX 4

AVERAGE RENT ANALYSIS				
	2008/09 £	2009/10 £	Change £	% Increase
AVERAGE RENT				
Average Rent	74.05	74.90	0.85	1.15%
Tenant Service Charges	2.52	6.86	4.34	172.22%
AVERAGE RENT	76.57	81.76	5.19	6.78%
Average Stock	19,495	19,255	-240	-1.23%

APPENDIX 5

RENT REBATE SUBSIDY LIMITATION	
	2008/09 £000
Rent Rebate Limitation 2008/09	4,611
Impact of Technical Review on Tenant Service Charges 2008/09	-1,169
Impact of Technical Review on Tenant Service Charges 2009/10	-175
Impact of Subsidy Determination and Asset Value Review	-1,067
Impact of Completion of Phased Depooling of Tenant Service Charges	-1,696
Rent Rebate Limitation 2009/10	504

APPENDIX 6

HOUSING SUBSIDY DETERMINATION				
	2008/09 £000	2009/10 £000	Change £000	Movement %
SUBSIDY PAYABLE				
Management Allowance	-13,984	-14,132	-148	2.85%
Maintenance Allowance	-25,877	-25,476	401	0.00%
Guideline Rent	68,767	73,922	5,155	9.38%
	28,906	34,314	5,408	12.23%
Major Repairs Allowance	-12,929	-13,490	-561	6.00%
Capital Financing	1,184	1,184	0	
Mortgage Interest	76	49	-27	
Rental Constraint Allowance	-191	0	191	
TOTAL SUBSIDY PAYABLE	17,046	22,057	5,011	

APPENDIX 7

MAJOR REPAIRS RESERVE		
	2008/09 £000	2009/10 £000
Opening Balance - 1st April	-4,600	0
Major Repairs Allowance	-12,929	-13,490
Capital Spend on Housing Futures	17,529	13,490
Closing Balance - 31st March	0	0

RENTAL INCOME DEBTOR ACCOUNT			
	Current Debtors	Former Tenant Debtors	Total Debtors
	£000	£000	£000
Debtor Balance - 1st April 2008	2,371	1,461	3,832
Projected Increase in 2008/09	100	46	146
Debtor Balance - 31st March 2009	2,471	1,507	3,978
Annual Increase in Arrears	4.22%	3.15%	3.81%
Projected Increase in 2008/09	100	75	175
Debtor Balance - 31st March 2010	2,571	1,582	4,153
Annual Increase in Arrears	4.05%	4.98%	4.40%
Proportion of Annual Rent Debit	3.47%	2.14%	5.61%

APPENDIX 9

ANALYSIS OF RENT INCREASES BY %	
	No of Tenants
Increase:	
Between 0% to 6%	6,342
Between 6% to 7%	4,992
Between 7% to 8%	6,062
Over 8%	1,907
	19,303

ANALYSIS OF RENT INCREASES BY £	
	No of Tenants
Increase:	
Between £0 - £1	11
Between £1 - £2	141
Between £2 - £3	129
Between £3 - £4	1,032
Between £4 - £5	10,747
Between £5 - £6	7,177
Over £6	66
	19,303

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THE EXECUTIVE

17 FEBRUARY 2009

REPORT OF THE CORPORATE DIRECTOR OF RESOURCES

CAPITAL PROGRAMME 2009/10 TO 2012/13	FOR DECISION
<p>Summary</p> <p>This report deals with the formation of a proposed Capital Programme for consideration by the Executive and approval by the Assembly.</p> <p>The Council has identified proposed new capital schemes which, when added to existing capital schemes would give rise to a capital programme totalling £428m for the financial years 2009/10 to 2012/13 (paragraph 6.4). Funding proposals for this programme have identified that £328m can be funded from external sources (£235m of this is in respect of Children’s Services – Primary Schools Investment and Building Schools for the Future), and the balance of £100m is to be met from borrowing funded by the Council. Of this total, £19m of borrowing will be funded from revenue savings (as part of “self-financing” projects) and £81m will be funded corporately.</p> <p>An allowance has been factored into the revenue budget model to enable the Council to borrow over the next 4 years to support capital expenditure. This allowance will enable borrowing of £81m to be funded corporately. Self-financing projects will be met from the relevant departmental budgets. 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. This corporate funding is designed to complement other sources of funding, such as external grants.</p> <p>Throughout 2008/09, detailed discussions have taken place regarding the key priorities for capital investment by the Corporate Management Team and by Members. This provided a framework for to enable the production of additional schemes for capital investment which have been included in this report.</p> <p>Alongside these discussions, detailed work has been undertaken to assess the impact of the economic downturn on the capital programme. The main effect has been on the land disposals programme. In the current environment, it is not possible (or economically sensible) to continue with a land disposal programme at same level as in prior years, so this has been reduced in line with economic conditions. In particular, the Housing Futures programme was to be in part funded from HRA capital receipts. These will now not be realised over the next 4 years, and the scheme has been reduced accordingly.</p> <p>All of the schemes included in this report have been subject to desktop review by the Capital Programme Monitoring Office (CPMO). It has been confirmed that all schemes are of strategic importance, and that financing has been considered in all cases. However, these schemes will still need to achieve 4 green lights before expenditure can be incurred.</p> <p>Wards Affected: All Wards</p>	

Recommendations

The Executive is asked to:

1. Note the position of the 2008/09 capital programme as set out in paragraph 5.2 and **Appendix A**;
2. Note the existing approved capital programme for 2009/10 to 2012/13 as set out in paragraph 6.1 and **Appendix B**;
3. Recommend that the new bids as detailed in **Appendix C and C (i)** be added to the programme, totalling £87m in value. They require borrowing of £17m to be undertaken with the balance to be met from external funding of £70m. Should the external funding not materialise, these schemes will not be able to progress, as the Council's available revenue budget for borrowing has already been allocated.
4. Recommend the Assembly to approve the overall Council's capital programme for 2009/10 to 2012/13 as a result of recommendation 3 and as set out in **Appendix D**;
5. Note the forecasted capital receipt position for 2009/10 to 2012/13 as set out in section 7, which is significantly reduced as a result of the economic downturn;
6. Note the current capital arrangements and prudential capital guidelines as set out in section 3;
7. Recommend the Assembly to approve the Prudential Indicators for the Authority as set out in **Appendix E**;
8. Recommend the Assembly to approve the Capital Strategy as set out in **Appendix F**.

Reason

To assist the Council to achieve all of its Community Priorities via a prudent and affordable Capital Programme.

Implications:

Financial:

The report proposes borrowing of £100m to fund a capital programme for the financial years 2009/10 to 2012/13. The proposed programme is considered to be both prudent and affordable to the Council, the revenue implications of this borrowing having been taken into account in setting the revenue budget and Medium Term Financial Strategy.

Legal:

The Council is required to set an authorised borrowing limit, above which it would be illegal for the Council to borrow. This limit has been set at £200m, which is purposely well in excess of anticipated borrowing levels, to provide headroom for any exceptional capital financing issues that may arise during the next three years.

Risk Management:

The risk to the Council is that forecasted capital receipts will not be generated, final budgets for capital schemes may be higher than projected, during the course of delivering capital

schemes there may overspend and external funding will not be forthcoming. Specific procedures are in place through the Resource Monitoring Panels, Capital Programme Monitoring Office (CPMO), Corporate Management Team and the Executive to control these risks.

Social Inclusion and Diversity:

As this report does not concern a new or revised policy there are no specific adverse impacts insofar as this report is concerned.

Crime and Disorder:

There are no specific implications insofar as this report is concerned.

Options Appraisal:

A review of submissions was made in the light of the Council’s capital strategy and the scheme proposals for the following four year capital programme are contained within this report.

Contact Officer	Title	Contact Details
Joe Chesterton	Divisional Director of Corporate Finance	Tel 020 8227 2932 Fax 020 8227 2770 Minicom: 020 8227 2413 e-mail joe.chesterton@lbbd.gov.uk
John Hooton	Group Manager, Accounting & Technical Finance	Tel 020 8227 2801 Fax 020 8227 2770 Minicom: 020 8227 2413 e-mail john.hooton@lbbd.gov.uk

1. Introduction and Background

- 1.1. 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.
- 1.2. A variety of resources are available to local authorities to fund capital investment. The primary one is borrowing. As a result of the fact that all of the Council’s capital receipts are now committed on existing schemes, in setting the capital programme for 2009/10 – 2012/13, the Council has to borrow in order to fund any additional commitments that are not funded from external sources. The Medium Term Financial Strategy has set aside revenue funding to enable the Council to fund borrowing over the period from 2009/10 to 2012/13. 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.
- 1.3. 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. As mentioned in paragraph 1.2, all of the Council’s capital receipts are committed on existing schemes, and future generation of capital receipts has been severely impacted by the economic downturn for the next 3 to 4 years.

- 1.4. 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.
- 1.5. The basis of the formulation of the revised programme for 2009/10 to 2012/13 needs to take account of:
 - the approved programme agreed in the 2008/09 budget;
 - any new approvals, deletions or re-profiling of schemes throughout 2008/09;
 - identification of any capital requirements for 2009/10 and beyond.
- 1.6. The purpose of this report is to enable the Executive to propose a capital programme for approval by Assembly on 25th February 2009.

2. Capital Programme Planning

- 2.1. An important part of planning is for the Council to have a Capital Strategy and Asset Management Plan in place. In addition, there are other service capital plans that are required by Government departments and they need to link clearly to the overall Capital Strategy and Asset Management Plan.
- 2.2. The authority's Capital Strategy is updated on an annual basis and is approved alongside the capital programme. A review of the Capital Strategy has been undertaken and this is attached at **Appendix F**.

The capital strategy is an over-arching policy document which relates to investment in services and describes how the deployment and redistribution of capital resources contributes to the achievement of corporate goals.

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.
- 2.3. The Capital Strategy and the Asset Management Plan are integral to the Council's future capital investment planning process. The Capital Strategy links policies and priorities to capital investment and provides a framework for the operational work of asset management. The Asset Management Plan, which covers all of the Council's assets, provides essential information in determining capital investment needs.

- 2.4 The formulation of the 2009/10 – 2012/13 capital programme has taken account of the Council’s Capital Strategy and Asset Management Plan and consequently capital schemes are assessed and approved on the basis of this strategy.

3. Capital Accounting Arrangements

Introduction

- 3.1 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.

- 3.2 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.
- 3.3 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.
- 3.4 In simple terms the Council is now able to borrow at whatever levels it feels are necessary so long as any borrowing is affordable, prudent and sustainable.
- 3.5 These prudential guidelines require the Council to set out various indicators on its capital plans, investments and projected Council Tax increases.
- 3.6 In addition local authorities are required to pool their housing capital receipts in the following way:

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

- 3.7 In the previous 4 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.
- 3.8 From 2009/10 onwards, the impact of pooling for the Council will be much reduced – due to adverse economic conditions, land sales and right to buy receipts will be severely limited over the coming years.
- 3.9 Capital expenditure plans proposed in **Appendix C and C (i)**, along with existing capital investment plans, require the Council to borrow £100m over the period 2009/10 – 2012/13. The Council has already begun to borrow in 2008/09, having built up a borrowing requirement in the current financial year. Please refer to the Treasury Management Strategy (also reported to Executive 17th February 2009) for further detail.

Prudential Indicators

- 3.10 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.

The requirements of the prudential system are based around some clear fundamental principles including:

- A three year rolling capital programme and revenue forecast is to be prepared and maintained with estimates of the council tax and/or average housing rent for each year;
 - Capital spending decisions must be both affordable and within sustainable limits in relation to the levels of Council Tax and HRA rent required to support these plans over the medium term;
 - When considering the affordability of capital decisions the Council will need to take into account all the available resources, both in terms of its capital payments and receipts, and its revenue income and expenditure;
 - All authorities must adopt the treasury management code.
 - Authorities should not borrow for revenue purposes (except in the short-term).
- 3.11 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 5 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

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.

- 3.12 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.

- 3.13 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 E**. These indicators are reported to the Executive 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.

4. Capital Appraisal System

- 4.1 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.
- 4.2 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;
 - Financial implications;
 - Deliverability & procurement;
 - Benefits plan.
- 4.3 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.
- 4.4 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.

5. Capital Programme 2008/09 – latest position

- 5.1. 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.
- 5.2 The revised Capital Programme for 2008/09 currently totals £91.8m. The full breakdown of the revised Capital Programme scheme by scheme for 2008/09 is shown in **Appendix A**.
- 5.4 As at the end of December 2008 approximately £50m of this year's programme has been spent out of an overall revised budget for the year of £91.8m. This revised programme reflects the re-profiling of a number of schemes throughout the year which have previously been reported to the Executive. 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.

6. Proposed Capital Budget 2009/10 – 2012/13

6.1 The current Capital programme for the financial years 2009/10 to 2012/13 is shown at **Appendix B** and is summarised as follows:

	<u>Budget</u>	<u>External Funding</u>	<u>Dept Borrowing</u>	<u>Corp Borrowing</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
2009/10	84,227	34,943	8,215	41,069
2010/11	72,972	46,378	3,999	22,595
2011/12	73,428	65,908	2,200	5,320
2012/13	111,262	111,262	0	0
	341,888	258,490	14,414	68,984

New capital bids

6.2 During 2008/09 all service departments were asked to consider their potential new capital investment requirements from 2009/10 onwards in accordance with the Council's capital investment priorities, which could be funded either from external sources, or schemes that which were self-financing.

6.3 The projects proposed for inclusion in the capital programme are detailed in **Appendix C and C (i)**, and are summarised as follows:

	<u>Budget</u>	<u>External funding</u>	<u>Dept Borrowing</u>	<u>Corp Borrowing</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
2009/10	15,640	9,835	2,774	3,031
2010/11	49,880	45,710	1,271	2,899
2011/12	17,600	12,680	500	4,420
2012/13	3,385	1,230	500	1,655
	86,505	69,455	5,045	12,005

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

	<u>Budget</u>	<u>External funding</u>	<u>Dept Borrowing</u>	<u>Corp Borrowing</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
2009/10	99,867	44,778	10,989	44,100
2010/11	122,852	92,088	5,270	25,494
2011/12	91,028	78,588	2,700	9,740
2012/13	114,647	112,492	500	1,655
TOTAL	428,393	327,945	19,459	80,989

It is important to be able to understand how the capital programme will be financed, as shown above. In practice, all of these resources are pooled to create a single pot from which the capital programme is funded. This means that the Council needs to follow the most appropriate treasury management strategy needs to be followed to

ensure that the most cost effective and value for money route is taken (based on interest rates and longer term economic forecasts). Decisions on when to borrow are taken within this context.

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

7. Capital Resource Position

- 7.1 As noted in paragraphs 1.2 to 1.5, the capital programme is funded from a range of sources – internally through borrowing and capital receipts, and externally through external grant funding. As a result of capital expenditure over recent years and the impact of “pooling” of capital receipts, the expected balance of capital receipts at 31/3/2009 is expected to be £nil. Future capital receipts are expected to be insignificant over the next 4 years as a result of the economic downturn. As such, the capital programme from 2009/10 onwards is funded from a combination of borrowing (funded both corporately and departmentally as shown in Appendix D) and external funding.
- 7.2 There are a range of external sources of capital funding that are potentially available to support the capital programme. These include those arising from regeneration programmes, transport grants, disabled facilities grants, a number of education grants e.g. seed challenge, lottery, European funds and other specific Government programmes. These will also need to be kept under review by relevant spending departments throughout the year to ensure their full use and access to further availability of such external funds.
- 7.3 In summary, it is the Chief Financial Officer’s view that the 2009/10 to 2012/13 capital programme is prudent, sustainable and affordable.

8 Revenue Implications of the Capital Programme

- 8.1 The cost of funding a Capital Programme from 2009/10 to 2012/13 for this authority is twofold. Firstly, the revenue budget will have to bear the revenue costs of borrowing. Currently for each £1m borrowed, this will cost the Council around £80,000 per annum in financing costs. 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, and have been scrutinised by the CPMO as a result of the appraisal process.

9 Consultees

- 9.1 The following persons and groups were consulted on the new capital schemes as included in this report:

- Lead Member Resources
- CMT
- Chief Executive
- Group Finance Managers

Background Papers

- RTB Projections - Working papers
- Land Disposal Projections – Working papers

- Approved Capital programme 2008/09 to 2011/12
- CIPFA - The Prudential Code for Capital Finance in Local Authorities
- CIPFA – Treasury Management in the Public Services
- The Council's Asset Management Plan
- The Council's Capital Strategy
- Local Government Act 2003

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2008/09 CAPITAL PROGRAMME

APPENDIX A

DETAIL	2008/09	Funding				TOTAL
		External Sources	Dept Borrowing	Corporate Borrowing	Capital Receipts	
	£'000	£'000	£'000	£'000	£'000	
DEPARTMENT						
ADULT & COMMUNITY SERVICES						
- Adult Care Services	198	0	0	0	198	
- Community Services, Heritage and Libraries	3,601	1,463	0	1,844	294	
	3,799	1,463	0	1,844	492	
CHILDREN SERVICES						
- Primary	5,938	5,827		111	5,938	
- Secondary	299			299	299	
- Other	6,451	1,752	4,608	91	6,451	
	12,688	7,579	0	4,608	501	
					12,688	
CUSTOMER SERVICES						
- HRA	800			800	800	
- Non-HRA Housing	3,447	38	1,610	1,799	3,447	
- Environmental and Enforcement	8,507	1,404	500	103	8,507	
- Customer Services - B&D Direct	713			713	713	
TOTAL Customer Services	13,467	1,442	500	8,110	3,415	
					13,467	
REGENERATION						
- Transport	224	224			224	
- Housing Strategy	33,584	18,784	1,500	13,300	33,584	
- Leisure, Arts & Olympics	1,807	706	0	351	1,807	
- Asset Strategy	2,767		2,327	440	2,767	
- Spatial Regeneration	20,096	14,028	238	155	5,675	
- Skills, Learning & Enterprise	751	751			751	
TOTAL Regeneration	59,229	34,493	238	4,333	20,165	
					59,229	
RESOURCES						
	2,663	15	457	500	1,691	
					2,663	
TOTAL ALL DEPARTMENTS	91,846	44,992	1,195	19,395	26,264	
					91,846	
Schemes subject to appraisal	8,978	700	200	8,078	0	
					8,978	
Total Programme including schemes awaiting appraisal	100,824	45,692	1,395	27,473	26,264	
					100,824	

2008/09 CAPITAL PROGRAMME

APPENDIX A

DETAIL	2008/09	Funding				TOTAL
		External Sources	Dept Borrowing	Corporate Borrowing	Capital Receipts	
	£'000	£'000	£'000	£'000	£'000	£'000
ADULT & COMMUNITY SERVICES						
<i>Adult Care Services</i>						
SERVICE REFURBISHMENT	39				39	39
ST GEORGES COMPLEX - New Building	66				66	66
RECONFIGURATION OF ELDERLY SERVICES (Lake Rise)	93				93	93
Total - Adult Care Services	198	-	-	-	198	198
<i>Community Services, Heritage and Libraries</i>						
EASTBURY MANOR HOUSE	907	843			64	907
VALENCE HOUSE	2,694	620	1,844		230	2,694
Total - Community Services, Heritage and Libraries	3,601	1,463	1,844	294	3,601	3,601
Total ADULT & COMMUNITY SERVICES	3,799	1,463	0	1,844	492	3,799

DETAIL	2008/09 £'000	External Sources £'000	Dept Borrowing £'000	Corporate Borrowing £'000	Capital Receipts £'000	TOTAL £'000
CHILDRENS SERVICES						
PRIMARY SCHOOLS						
GASCOIGNE PRIMARY - Remodelling	111				111	111
EASTBURY PRIMARY	1,272	1,272				1,272
NORTHBURY INFANTS & JUNIORS	4,555	4,555				4,555
Total - Primary	5,938	5,827	0	0	111	5,938
SECONDARY SCHOOLS						
DAGENHAM PARK SCHOOL	200				200	200
WARREN SECONDARY - Science Block	65				65	65
BARKING ABBEY	34				34	34
Total - Secondary	299	0	0	0	299	299
OTHER SCHEMES						
SCHOOLS LEGIONELLA WORKS	616			616		616
RENEWAL SCHOOL KITCHENS	875			875		875
SCHOOLS ASBESTOS WORKS	465			465		465
SCHOOLS RE-BOILER WORKS	910			910		910
FAIR FUNDING SCHOOLS	103			103		103
FURZE CHILDREN'S CENTRE	248			248		248
LEYS CHILDREN'S CENTRE	162			100	62	162
BECONTREE CHILDREN'S CENTRE	300			300		300
WILLIAM BELLAMY CHILDREN'S CENTRE	300			300		300
GASCOIGNE CHILDREN'S CENTRE	100			100		100
MANOR CHILDREN'S CENTRE	140	140				140
SCHOOL MODERNISATION FUND	1,269	1,269				1,269
FIRE PROTECTION & SMOKE DETECTION	591			591		591
MUSIC & PERFORMING ARTS - Adult College	29				29	29
EXTENDED SCHOOLS PHASE 2	333	333				333
TREWERN CLIMBING WALL	10	10				10
Total - Other	6,451	1,752	0	4,608	91	6,451
TOTAL - CHILDREN'S SERVICES	12,688	7,579	0	4,608	501	12,688

DETAIL	2008/09	Funding					TOTAL
		External Sources	Dept Borrowing	Corporate Borrowing	Capital Receipts		
	£'000	£'000	£'000	£'000	£'000	£'000	
CUSTOMER SERVICES							
HRA SERVICES							
DISABLED ADAPTATIONS	800				800	800	
Total HRA Services	800	0	0	0	800	800	
Non HRA SERVICES							
Housing							
PRIVATE SECTOR HOUSING - Assistance Rendered	739				739	739	
PRIVATE SECTOR HOUSEHOLDS - DFGs	288	38			250	288	
HOUSING MODERNISATION PROGRAMME - IT System	2,420			1,610	810	2,420	
Total Housing	3447	38	0	1610	1799	3447	
ENVIRONMENT & ENFORCEMENT							
CONTAMINATED LAND - Inspection	300	197			103	300	
WASTE MINIMISATION - WHEELIE BINS	500		500			500	
HIGHWAYS PRINCIPAL ROADS	247	247				247	
HIGHWAYS STRUCTURAL REPAIRS - Non Principal Rds	6,500			6,500		6,500	
20MPH ZONES	355	355				355	
TRAFFIC MANAGEMENT	455	455				455	
DAGENHAM EAST STATION ACCESS	150	150				150	
Total Environmental and Enforcement	8507	1404	500	6500	103	8,507	
Customer Services B&D Direct							
FOUNDATION CONTACT CENTRE	570				570	570	
OFFICE ACCOMMODATION - CORPORATE SIGNAGE	133				133	133	
INTERIM ONE-STOP SHOP						-	
RESPOND - CUSTOMER FEEDBACK DATABASE	10				10	10	
Total Customer Services B & D Direct	713	0	0	0	713	713	
TOTAL - CUSTOMER SERVICES	13,467	1,442	500	8,110	3,415	13,467	

DETAIL	Funding				TOTAL
	2008/09	External Sources	Dept Borrowing	Corporate Borrowing	

£'000 £'000 £'000 £'000 £'000

REGENERATION

TRANSPORT

ACCESSIBILITY -	70	70			70
LONDON CYCLE NETWORK	127	127			127
DAGENHAM ROAD	27	27			27

Total - Transport Services	224	224	0	0	224
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HOUSING STRATEGY

HOUSING FUTURES (Including Barlett and Oldmead)	32,084	18,784		13,300	32,084
LAND DISPOSAL PROGRAMME	1,500		1,500		1,500

Total Housing Strategy	33,584	18,784	0	1,500	33,584
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DETAIL	2008/09	Funding				TOTAL
		External Sources	Dept Borrowing	Corporate Borrowing	Capital Receipts	
REGENERATION	£'000	£'000	£'000	£'000	£'000	£'000
LEISURE, ARTS & OLYMPICS						
PARKS & GREEN SPACE STRATEGY	1,100	380			720	1,100
BTC Artwork TGSC	47	47				47
BARKING PARK Artwork	90	90				90
CIVIC CENTRE Artwork (Kestrel Project)	30	-		30		30
SPORTING LEGENDS	189	189				189
BECONTREE HEATH LEISURE CENTRE	96		96			96
SPORTS DEVELOPMENT - Barking Rugby Club	255		255			255
Total - Leisure Arts and Olympics	1,807	706	0	351	750	1,807

ASSET STRATEGY

PTS GARAGE @ CREEK RD BARKING	40				40	40
BACKLOG MAINTENANCE	960			960	-	960
LEGIONELLA WORKS PUBLIC BUILDINGS	987			987		987
ASBESTOS WORKS PUBLIC BUILDINGS	220			220		220
MAJOR REPAIRS PROGRAMME	400				400	400
INTRUDER ALARMS	115			115		115
FIRE ALARMS	45			45		45
Total - Asset Strategy	2,767	0	0	2,327	440	2,767

DETAIL	2008/09	£'000			£'000			£'000		
		External Sources	Dept Borrowing	Funding Corporate Borrowing	Capital Receipts	TOTAL	External Sources	Dept Borrowing	Funding Corporate Borrowing	Capital Receipts
REGENERATION		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Spatial Regeneration</i>										
BARKING TOWN CENTRE - Public Realm	1,738	1,738								1,738
BARKING TOWN CENTRE - Lifelong Learning Centre	101	17	45	39						101
BARKING TOWN SQ SECRET GARDEN	9	9								9
BARKING CHILD & FAMILY HEALTH CENTRE	5,113	2,643		2,470						5,113
REGENERATION INITIATIVES	-	13	-	13						13
NEW DAGENHAM LIBRARY & CUSTOMER FIRST CENTRE	2,539		66	2,473						2,539
THAMES GATEWAY SOCIAL INFRASTRUCTURE FRAMEWORK	5	5								5
DAGENHAM HEATHWAY PUBLIC REALM PHASE 1	1,778	1,085		693						1,778
Bkg Town Square Acquisition of Properties (Ripple Rd Nos 12-26)	1,596	1,596								1,596
BTC Redevelopment Lintons Demolition	400	400								400
LONDON ROAD MARKET SQUARE	2,472	2,415	57							2,472
Energy Efficiency Programme	475	237	238							475
PDG CAPITAL ALLOCATION - UPA ALLOCATION	8	8								8
CREEKMOUTH Environmental Improvements	1,193	1,193								1,193
East End Thames View Demolition	895	895								895
Legi Business Centres	1,787	1,787								1,787
Total - Spatial Regeneration	20,096	14,028	238	155	5,675					20,096

Skills, Learning & Enterprise

Dagenham Job Shop	396	396								396
Barking Foyer - Enterprise Project	355	355								355
Total - Skills, Learning & Enterprise	751	751	0	0	0	0	0	0	0	751
TOTAL REGENERATION DEPARTMENT	59,229	34,493	238	4,333	20,165					59,229

DETAIL	2008/09		Funding				TOTAL
	External Sources	Dept Borrowing	Corporate Borrowing	Capital Receipts			
	£'000	£'000	£'000	£'000	£'000	£'000	
RESOURCES							
IT FOR MEMBERS	21			21		21	
e-GOVERNMENT PROGRAMME	15					15	
CORPORATE ACCOMMODATION STRATEGY	410			410		410	
CITRIX SERVER UPGRADE	160			160		160	
DESKTOP MANAGEMENT PROGRAMME	740			740		740	
DATA BACKUP UPGRADE	70			70		70	
CPMO PROGRAMME MANAGEMENT TEAM & FINANCE	200			200		200	
Performance Improvement Software	76			76		76	
i-Procurement	14			14		14	
Voice & Data Communication	500		500			500	
MICROSOFT ENTERPRISE AGREEMENT	457		457			457	
Total RESOURCES	2,663	15	457	500	1,691	2,663	
TOTAL ALL DEPARTMENTS	91,846	44,992	1,195	19,395	26,264	91,846	

DETAIL	Funding				TOTAL
	External Sources	Dept Borrowing	Corporate Borrowing	Capital Receipts	
2008/09	£'000	£'000	£'000	£'000	£'000
Childrens Services					
Ripple Infants & Juniors	700				700
Customer Services					
Private Sector Housing	1,000		1,000		1,000
Environment and Enforcement ICT	200	200			200
Regeneration					
Becontree Heath Leisure Centre	4,158		4,158		4,158
Improvements to Business Areas & Industrial Estates	200		200		200
Area Development Schemes	500		500		500
Resources					
ICT Infrastructure	2,220		2,220		2,220
	8,978	700	8,078	0	8,978
Total Programme including schemes awaiting appraisal	100,824	45,692	27,473	26,264	100,824

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APPROVED CAPITAL PROGRAMME - SUMMARY 2009/10 to 2012/13

Appendix B

DETAIL	2009/10	2010/11	2011/12	2012/13	Funding		TOTAL
	£'000	£'000	£'000	£'000	Departmental Borrowing	Corporate Borrowing	
DEPARTMENT							
ADULT & COMMUNITY SERVICES							
- Libraries and Community Services	5,542	61					5,603
- Leisure and Olympics	2,893	3,477	567				6,937
TOTAL Adult & Community Services	8,435	3,538	567	0	0	8,082	12,540
CHILDREN SERVICES							
- Primary	5,542	2,995					8,537
- Secondary							0
- Skills, Learning & Enterprise	372						372
- Other	1,895	300					2,195
TOTAL Childrens Services	7,809	3,295	0	0	0	1,545	11,104
CUSTOMER SERVICES							
- HRA	15,890	17,862	13,500				60,752
- Non-HRA Housing	3,033				3,033	6,000	3,033
- Environmental and Enforcement	6,870	4,370	3,380			13,500	14,620
- Customer Services - B&D Direct	500					500	500
TOTAL Customer Services	26,293	22,232	16,880	13,500	3,033	20,000	78,905
RESOURCES							
- ICT	540	511					1,051
- Asset Strategy	1,842	55			895	141	1,897
- Regeneration	8,215	1,488			1,500	2,349	9,703
TOTAL Resources	10,597	2,054	0	0	2,395	4,387	12,651
TOTAL ALL DEPARTMENTS	53,134	31,119	17,447	13,500	5,428	34,014	115,200

External Sources	£'000	1,050	3,408	4,458			
Departmental Borrowing	£'000			0			
Corporate Borrowing	£'000	4,553	3,529	8,082			
TOTAL	£'000	5,603	6,937	12,540			

External Sources	£'000	15					
Departmental Borrowing	£'000						
Corporate Borrowing	£'000	1,897	2,349	4,387			
TOTAL	£'000	1,912	2,349	4,387			

External Sources	£'000	540	1,842	8,215	10,597		
Departmental Borrowing	£'000						
Corporate Borrowing	£'000	511	55	1,488	2,054		
TOTAL	£'000	1,051	1,897	9,703	12,651		

External Sources	£'000	540	1,842	8,215	10,597		
Departmental Borrowing	£'000						
Corporate Borrowing	£'000	511	55	1,488	2,054		
TOTAL	£'000	1,051	1,897	9,703	12,651		

External Sources	£'000	53,134	31,119	17,447	13,500		
Departmental Borrowing	£'000						
Corporate Borrowing	£'000	17,447					
TOTAL	£'000	115,200					

External Sources	£'000	182,732	8,986	34,970	226,688		
Departmental Borrowing	£'000						
Corporate Borrowing	£'000	258,490	14,414	68,984	341,888		
TOTAL	£'000	441,222	23,399	103,954	568,576		

External Sources	£'000	31,093	41,853	55,981	97,762		
Departmental Borrowing	£'000						
Corporate Borrowing	£'000	84,227	72,972	73,428	111,262		
TOTAL	£'000	115,320	114,825	129,409	209,024		

External Sources	£'000	84,227	72,972	73,428	111,262		
Departmental Borrowing	£'000						
Corporate Borrowing	£'000	258,490	14,414	68,984	341,888		
TOTAL	£'000	441,222	23,399	103,954	568,576		

APPROVED 4 YEAR CAPITAL PROGRAMME - DETAIL 2009/10 TO 2012/13

APPENDIX B

DETAIL	2009/10	2010/11	2011/12	2012/13	TOTAL	External Sources £'000	Funding		TOTAL £'000
	£'000	£'000	£'000	£'000	£'000		Departmental Borrowing £'000	Corporate Borrowing £'000	
<u>ADULT & COMMUNITY SERVICES</u>									
<u>COMMUNITY SERVICES, HERITAGE & LIBRARIES</u>									
ST GEORGES COMPLEX - New Building	993				993			993	993
EASTBURY MANOR HOUSE	89				89	11		78	89
VALENCE HOUSE	4,460	61			4,521	1,039		3,482	4,521
Total - Libraries and Community	5,542	61	-	-	5,603	1,050	-	4,553	5,603
<u>LEISURE & OLYMPICS</u>									
PARKS & GREEN SPACE STRATEGY	2,754	3,477	567		6,798	3,408		3,390	6,798
CIVIC CENTRE Artwork (Kestrel Project)	139				139			139	139
Total - Leisure and Olympics	2,893	3,477	567	-	6,937	3,408	-	3,529	6,937
Total ADULT & COMMUNITY SERVICES	8,435	3,538	567	0	12,540	4,458	0	8,082	12,540
<u>CHILDRENS SERVICES</u>									
<u>PRIMARY SCHOOLS</u>									
EASTBURY PRIMARY	4,576	2,995			7,571	7,571			7,571
NORTHBURY INFANTS & JUNIORS	966				966	966			966
Total - Primary	5,542	2,995	0	0	8,537	8,537		0	8,537
<u>SECONDARY SCHOOLS</u>									
Total - Secondary	0	0	0	0	0	0	0	0	0
<u>Skills, Learning & Enterprise</u>									
Barking Foyer - Integrated Advice & Guidance Service	372				372	372			372
Total - Skills, Learning & Enterprise	372	0	0	0	372	372	0	0	372
<u>OTHER SCHEMES</u>									
RENEWAL SCHOOL KITCHENS	300	300			600			600	600
FURZE CHILDREN'S CENTRE	40				40			40	40
LEYS CHILDREN'S CENTRE	50				50			50	50
SCHOOL MODERNISATION FUND	650				650	650			650
MUSIC & PERFORMING ARTS - Adult College	855				855	855		855	855
Total - Other	1,895	300	0	0	2,195	650	0	1,545	2,195
TOTAL - CHILDREN'S SERVICES	7,809	3,295	0	0	11,104	9,559	0	1,545	11,104

APPROVED 4 YEAR CAPITAL PROGRAMME - DETAIL 2009/10 TO 2012/13

APPENDIX B

DETAIL	2009/10				2010/11				2011/12				2012/13				TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
CUSTOMER SERVICES																				
<i>HRA SERVICES</i>																				
DISABLED ADAPTATIONS	800																	800	800	
HOUSING FUTURES	15,090	17,862	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	54,752	5,200	59,952	
Total HRA Services	15,890	17,862	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	54,752	6,000	60,752	
<i>Non HRA SERVICES</i>																				
<i>Housing</i>																				
HOUSING MODERNISATION PROGRAMME - IT System	3,033																	3,033		3,033
Total Housing	3033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3033	0	3033	
<i>ENVIRONMENT & ENFORCEMENT</i>																				
HIGHWAYS PRINCIPAL ROADS	370	370	380	380	380	380	380	380	380	380	380	380	380	380	380	380	1,120		1,120	
HIGHWAYS STRUCTURAL REPAIRS - Non Principal Rds	6,500	4,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	13,500		13,500	
Total Environmental and Enforcement	6870	4370	3380	3380	3380	3380	3380	3380	3380	3380	3380	3380	3380	3380	3380	3380	1120	0	13500	14,620
<i>Customer Services B&D Direct</i>																				
FOUNDATION CONTACT CENTRE	500																		500	500
Total Customer Services B & D Direct	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500	500
TOTAL - CUSTOMER SERVICES	26,293	22,232	16,880	16,880	16,880	16,880	16,880	16,880	16,880	16,880	16,880	16,880	16,880	16,880	16,880	16,880	55,872	3,033	20,000	78,905

External Sources	Funding		TOTAL
	Departmental Borrowing	Corporate Borrowing	
£'000	£'000	£'000	£'000
54,752		800	54,752
54,752	0	6,000	60,752

2009/10	2010/11	2011/12	2012/13	TOTAL
800				800
15,090	17,862	13,500	13,500	59,952
15,890	17,862	13,500	13,500	60,752

2009/10	2010/11	2011/12	2012/13	TOTAL
3,033				3,033
3033	0	0	0	3033

2009/10	2010/11	2011/12	2012/13	TOTAL
370	370	380	380	1,120
6,500	4,000	3,000	3,000	13,500
6870	4370	3380	3380	14,620

2009/10	2010/11	2011/12	2012/13	TOTAL
500				500
500	0	0	0	500
26,293	22,232	16,880	13,500	78,905

APPROVED 4 YEAR CAPITAL PROGRAMME - DETAIL 2009/10 TO 2012/13

APPENDIX B

DETAIL	2009/10				2010/11				2011/12				2012/13				TOTAL			
	£'000				£'000				£'000				£'000				£'000			
RESOURCES																				
<i>ICT</i>																				
e-GOVERNMENT PROGRAMME	15				15												15			
e-GOVERNMENT PROGRAMME (Libraries)	52				52												52			
DESKTOP MANAGEMENT PROGRAMME	50				50												50			
Performance Improvement Software	39				39												39			
MICROSOFT ENTERPRISE AGREEMENT	384			511	384			511									895			895
Total - ICT	540			511	540			511	0		0		0		0		1,051			1,051
<i>Asset Strategy</i>																				
INTRUDER ALARMS	115			55	115			55									170			170
CORPORATE ACCOMMODATION STRATEGY	1,727				1,727												1,727			1,727
Total - Asset Strategy	1,842			55	1,842			55	0		0		0		0		1,897			1,897
<i>Regeneration</i>																				
WIND TURBINES	200				200												200			200
NEW DAGENHAM LIBRARY & CUSTOMER CONTACT CENTRE	2,149			1,488	2,149			1,488									1,488			2,149
DAGENHAM DOCK INFRASTRUCTURE	5				5												5			5
DAGENHAM HEATHWAY PUBLIC REALM PHASE 1	200				200												200			200
LONDON ROAD MARKET SQUARE	525				525												525			525
Energy Efficiency Programme	25				25												13			25
Legi Business Centres	5,100				5,100												5,100			5,100
LRL CORPORATE SIGNAGE	11				11												11			11
Total - Regeneration	8,215			1,488	8,215			1,488	0		0		0		0		1,500			2,349
Total RESOURCES	10,597			2,054	10,597			2,054	0		0		0		0		2,395			4,387
TOTAL ALL DEPARTMENTS	53,134			31,119	53,134			31,119	17,447		13,500		13,500		115,200		75,758			34,014

APPENDIX B

Current Schemes subject to appraisal

DETAIL	2009/10				2010/11				2011/12				2012/13				TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ADULT & COMMUNITY SERVICES																				
Becontree Heath Leisure Centre	16,615		1,739	603											4,423	14,534			18,957	
CHILDRENS SERVICES																				
Ripple Infants & Juniors	50																		50	
Dagenham Park (Trewern - on hold)	339															339			339	
Schools Legionella	330		330													660			660	
Schools Asbestos	330		220													550			550	
Schools Re-boiler	500		500													1,000			1,000	
Sterry Road Children's Centre	995															475			995	
Markyate Children's Centre	325															162			325	
Building Schools for the Future																				
Barking Abbey				32,141					16,070										48,211	
Robert Clack								273	12,746									12,746		
Trinity				4,590					3,281									3,555		
Warren									13,769									18,358		
All Saints									5,742									5,742		
Eastbury PFI variation area	541		1,621															2,162		
Eastbury QJEU capital build	2,810		8,431	5,620														16,861		
Sydney Russell			18,807	9,404														28,211		
Contingency									46,153									46,153		
CUSTOMER SERVICES																				
Private Sector Housing	1,000		1,000													2,000			2,000	
RESOURCES																				
Backlog Maintenance	500		500													1,000			1,000	
Legionella (public buildings)	375		305													680			680	
Asbestos (public buildings)	220		20													240			240	
Improvements to Business Areas & Industrial Estates	200															200			200	
Area Development Schemes	500															500			500	
Corporate Accommodation Strategy	363		2,000	2,200														4,563		
ICT Infrastructure	5,100		6,380	1,150												12,630			12,630	
Total Schemes Subject to Appraisal	31,093		41,853	55,981					97,762						8,986	34,970			226,688	
Total Programme inc. current schemes awaiting appraisal	84,227		72,972	73,428					111,262						14,414	68,984			341,888	

CAPITAL PROGRAMME - NEW SCHEMES**ADULTS & COMMUNITY SERVICES DEPARTMENT****Marks Gate Community Centre and Library Redevelopment £1,600,000**

This project will redevelop and enhance the community complex at Marks Gate. The scheme will improve the library, the learning spaces shared with the Adult College, the community facilities used by the community association and will provide specific space to be used by young people. This scheme is to be funded from corporate borrowing.

Teresa Greene Centre Backlog Maintenance £100,000

This scheme will replace elevations and refurbish the interior of the hall. It will replace the boiler and associated equipment which is beyond economic repair. This scheme is to be funded from corporate borrowing.

Rush Green Library – New Library £1,125,000

This project represents a joint development of a new public library for Rush Green on the Barking College site, which forms part of the overall redevelopment of this site. This scheme is to be funded from corporate borrowing.

Christmas Lighting £135,000

This scheme will provide Christmas lighting for Barking Town Centre, Dagenham Heathway, Green Lanes and Chadwell Heath. This scheme will be funded from corporate borrowing.

Dagenham and Redbridge Football Club £450,000

Consideration is being given to provide capital support to Dagenham and Redbridge Football Club in developing covered seating capacity at the ground required by the football league. This will be funded from corporate borrowing.

CHILDREN'S SERVICES DEPARTMENT

The Council has secured government funding (from the Department for Children, Schools and Families) for primary school expansion and re-development, both to improve the existing provision of primary schools, and also to increase the number of school places to accommodate the increases in school rolls across the borough. Capital investment projects are proposed as follows:

River Gate Primary School – new school £10,500,000

Cannington Road Primary – new school £11,500,000

Former UEL Primary School – new school £8,000,000

Lymington Primary School – new school £8,000,000

CAPITAL PROGRAMME - NEW SCHEMES

Beam Primary - expansion	£4,000,000
Cambell Infant and Junior - expansion	£2,000,000
St Joseph's Primary - expansion	£2,500,000
St Peter's Primary - expansion	£1,500,000
St George's Primary - refurbishment	£4,900,000
Trinity School – conversion	£250,000

Further new capital projects for Children's services are proposed as follows:

Major Repairs/Fair Funding	£150,000
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The Council has to fund part of capital works funded from schools budgets. This will need to be funded from corporate borrowing.

Performing Arts Centre	£750,000
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This represents additional funding for the performing arts centre. This will be funded from savings in the Children's services budget and will therefore not impact on the corporate budget position.

Trewern Centre	£500,000
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External funding has been secured for DDA works to the Trewern Centre.

Schools Modernisation Fund	£1,110,000
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External funding has been allocated from government in respect of the Schools Modernisation Fund.

Advanced Skills Centre	£12,000,000
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External funding has been secured to develop this new education and training facility aimed at young people between the ages of 14 and 19. It is proposed to locate this development on the London Road site in Barking.

Prospect Centre	£700,000
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This scheme relates to a social enterprise restaurant and training facility located as part of the Bathhouse development in Ripple Road Barking. The project will be delivered in partnership with an organisation called Training for Life, who operate similar ventures across 5 other locations in the UK. The scheme expects to deliver at least 40 apprenticeships for a minimum period of 10 years. It is proposed that this is funded externally through the LEGI grant.

CAPITAL PROGRAMME - NEW SCHEMES**CUSTOMER SERVICES DEPARTMENT****Containerisation of Waste £2,110,000**

This proposed funding represents the borough wide roll out of the containerisation programme which has been piloted in five separate areas of the borough in 2008/09. This bid represents the financial impact of the programme which is subject to Executive approval for roll out borough wide. This scheme will be funded from departmental borrowing.

Land Quality Inspection Programme £240,000

This capital bid is in respect of costs incurred for the land inspection programme. Part of this is grant funded. This represents the Council's contribution to the programme and will be met from corporate borrowing.

Environmental Improvements Scheme £1,845,000

This is a borough wide programme to improve the visual and environmental amenity of several high rise estates. Initiatives include protective railings, landscaping, lighting and bin storage. This is funded from corporate borrowing.

Grounds Maintenance Fleet Replacement £60,000

This capital project is the purchase of small items of fleet and plant for grounds maintenance. An options appraisal has been carried out which has confirmed that purchase of the fleet and equipment is more cost effective than leasing. This scheme will be funded from corporate borrowing.

Road Safety and Traffic Management £2,000,000

This is a borough wide scheme to implement measures to control and manage traffic in accordance with the Council's network management duty, and also to implement safety measures on Council roads and footpaths. This scheme will be funded from departmental borrowing.

Street Light Replacement £4,245,000

This bid is to put in place a 4 year programme to replace street lighting installations. There are over 15,000 lighting units and over 1,000 lit signs across the borough, most of which are over 30 years old. This scheme will be funded from corporate borrowing.

Disabled Facilities Grants £3,200,000

The Council receives funding of £480,000 per annum from Government to fund an ongoing programme of grants for disabled facilities. The Council is required to fund a balance of £320,000 per annum to create a programme totalling £800,000 per annum over 4 years.

CAPITAL PROGRAMME - NEW SCHEMES**Controlled Parking Zones** **£300,000**

This scheme is to fund a programme of ongoing controlled parking zones across the borough, 5 per annum over the next 5 years. This scheme will be funded from corporate borrowing.

RESOURCES DEPARTMENT**Refurbishment of the Mall Car Park** **£100,000**

This scheme is for the refurbishment of the mall car park, including commissioning and installing artwork, improved lighting to the entrance and installation of CCTV. This scheme will be funded from a combination of external funding and borrowing.

L8 Surveys and Remedial Work **£355,000**

This scheme is to ensure that the Council is fulfilling its responsibilities to undertake risk assessments and remedial works for legionella in Council buildings. This scheme will be funded from corporate borrowing.

Automatic Meter Reading **£230,000**

This scheme is to install automatic meter reading to every electricity, gas and water meter used by the authority. There are over 500 such installations, and this technology would help the Council plan to reduce its CO2 emissions. This scheme will be funded partly from departmental borrowing and partly from corporate borrowing.

Energy Efficiency Measures in Buildings **£50,000**

This scheme is in respect of energy efficiency measures in buildings, and will be funded from corporate borrowing.

OVERALL CAPITAL SCHEMES **£86,505,000**

New Capital Schemes 2009-10 onwards Summary

APPENDIX C

Department	Budget				£000	£000	£000	£000	Total	£000	Total	£000	Total	£000	Total
	2009/10	2010/11	2011/12	2012/13											
	£000	£000	£000	Onwards £000											
Adults & Community	495	570	2,195	150	3,410	3,410	0	3,410	0	3,410	0	0	0	0	3,410
Children's Services	9,430	45,980	12,200	750	68,360	150	750	68,360	750	68,360	750	67,460	67,460	68,360	68,360
Customer Services	5,230	3,115	3,170	2,485	14,000	7,970	4,110	14,000	4,110	14,000	185	1,920	1,920	14,000	14,000
Resources	485	215	35	0	735	475	185	735	185	735	75	75	75	735	735
Total	15,640	49,880	17,600	3,385	86,505	12,006	5,045	86,505	5,045	86,505	69,455	69,455	69,455	86,505	86,505

APPENDIX C

	Budget			Onwards		Corporate Borrowing Total	Departmental Borrowing Total	External funding Total	Total funding
	2009/10	2010/11	2011/12	2012/13	Total				
	£000	£000	£000	£000	£000				
Adults and Community Services									
Community Services, Heritage & Libraries									
Marks Gate Community Centre & Library redevelopment		200	1,350	50	1,600	1,600			1,600
Teresa Greene Centre Backlog Maintenance		100			100	100			100
Rush Green Library - New Library		225	800	100	1,125	1,125			1,125
	450	45	45		450	450			450
Leisure, Arts & Olympics									
Dagenham and Redbridge Football Club	45	45	45	135	135	135			135
Christmas Lighting	495	570	2,195	150	3,410	3,410	0	0	3,410
Children's Services									
Primary Schools									
St Marking Riverside Primary School (River Gate Primary)	2,000	8,000	500		10,500			10,500	10,500
St Annington Road New Primary School	750	7,000	3,000	750	11,500			11,500	11,500
St Farmer UEL Primary School - New Primary School	500	7,250	250		8,000			8,000	8,000
St Lynton Primary School - New School	500	7,250	250		8,000			8,000	8,000
Bear Primary Expansion	1,000	2,750	250		4,000			4,000	4,000
Cambell Infant and Junior	500	1,400	100		2,000			2,000	2,000
St Joseph's Primary - expansion	500	1,900	100		2,500			2,500	2,500
St Peter's Primary - expansion	400	1,000	100		1,500			1,500	1,500
St George's School Provision - refurbish existing building	250	3,500	1,150		4,900			4,900	4,900
Schools - Other									
Trinity School - conversion	200	50			250			250	250
Major Repairs/ Fair Funding	150	750			150	150			150
Performing Arts Centre (additional funding)					750		750		750
Trevern Centre	480	20			500			500	500
School Modernisation Fund	1,000	110			1,110			1,110	1,110
Skills, Learning & Enterprise									
Advanced Skills Centre	500	5,000	6,500		12,000			12,000	12,000
Prospect Centre	700				700			700	700
	9,430	45,980	12,200	750	68,360	150	750	67,460	68,360

APPENDIX C

	Customer Services				Budget		Corporate Borrowing		Departmental Borrowing		External funding		Total funding
	2009/10	2010/11	2011/12	2012/13	Total	Onwards	Total		Total		Total		
	£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	
Non-HRA Housing													
Private Sector Households - Disabled Facilities Grants	800	800	800	800	3,200		1,280				1,920	3,200	
Environmental and Enforcement Services													
Containerisation of Waste	2,110				2,110			2,110				2,110	
Land Quality Inspection Programme	60	60	60	60	240		240					240	
Environmental Improvements Scheme/ On Street Waste Receptacles	600	615	630		1,845		1,845					1,845	
Grounds Maintenance Fleet Replacement Programme	60				60		60					60	
Controlled Parking Zones Implementation Programme	100	100	100		300		300					300	
Road Safety and Traffic Management	500	500	500	500	2,000			2,000				2,000	
Street Light Replacement - Borough wide	1,000	1,040	1,080	1,125	4,245		4,245					4,245	
TOTAL	5,230	3,115	3,170	2,485	14,000		7,970	4,110	1,920	14,000	1,920	14,000	
Resources													
Asset Strategy and Capital Delivery													
Refurbishment of the Mall Car Park	100				100			25			75	100	
L8 Surveys and Risk Assessment Updates	30	60	35		125		125					125	
L8 Control of Legionella Remedial Works	115	115			230		230					230	
Regeneration													
Installation of Automatic Meter Reading equipment to public	200	30			230		70	160				230	
Incorporating Energy Efficiency into Building Maintenance	40	10			50		50					50	
TOTAL	485	215	35	0	735		475	185	75	735	75	735	
TOTAL	15,640	49,880	17,600	3,385	86,505		12,006	5,045	69,455	86,505	69,455	86,505	

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APPENDIX D

TOTAL PROGRAMME FROM 2009/10 ONWARDS (incl. proposed schemes)

<u>Department</u>	2009/10	2010/11	2011/12	2012/13	Total		External	Departmental	Corporate	Total
	£000	£000	£000	£000	£000	£000	Funding £000	Borrowing £000	Borrowing £000	£000
ADULT & COMMUNITY	25,545	5,847	3,365	150	34,907	34,907	4,458	4,423	26,026	34,907
CHILDREN'S SERVICES	23,459	79,184	64,228	98,512	265,382	265,382	259,751	750	4,881	265,382
CUSTOMER SERVICES	32,523	26,347	20,050	15,985	94,905	94,905	57,792	7,143	29,970	94,905
RESOURCES	18,340	11,474	3,385	0	33,199	33,199	5,944	7,143	20,112	33,199
TOTAL	99,867	122,852	91,028	114,647	428,393	428,393	327,945	19,459	80,989	428,393

PROPOSED 4 YEAR CAPITAL PROGRAMME - 2009/10 TO 2012/13

APPENDIX D

DETAIL	2009/10				2010/11				2011/12				2012/13				TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ADULT & COMMUNITY SERVICES																				
Approved Schemes																				
ST GEORGES COMPLEX - New Building	993																	993	993	
EASTBURY MANOR HOUSE	89																	89	78	
VALENCE HOUSE	4,460	61																1,039	3,482	
																			4,521	
LEISURE & OLYMPICS																				
PARKS & GREEN SPACE STRATEGY	2,754	3,477	567															3,408	3,390	
CIVIC CENTRE Artwork (Kestrel Project)	139																		139	
																			139	
Total ADULT & COMMUNITY SERVICES Approved schemes	8,435	3,538	567	0	12,540	0	8,082	0	12,540	0	8,082	0	8,082	0	12,540	0	8,082	0	12,540	
Current Schemes Subject to Appraisal																				
Becontree Heath Leisure Centre	16,615	1,739	603																4,423	
																			18,957	
Total ADULT & COMMUNITY SERVICES subject to appraisal	16,615	1,739	603	0	18,957	0	18,957	0	18,957	0	18,957	0	18,957	0	18,957	0	18,957	0	18,957	
New Schemes proposed and subject to appraisal																				
<i>Community Services, Heritage & Libraries</i>																				
Marks Gate Community Centre and Library redevelopment		200	1,350	50															1,600	
Teresa Greene Centre Backlog Maintenance		100																	100	
Rush Green Library - New Library		225	800	100															1,125	
																			1,125	
<i>Leisure and Olympics</i>																				
Dagenham and Redbridge Football Club	450																		450	
Christmas Lighting	45	45																	135	
																			135	
Total ADULT & COMMUNITY SERVICES new schemes	495	570	2,195	150	3,410	0	3,410	0	3,410	0	3,410	0	3,410	0	3,410	0	3,410	0	3,410	
Total ADULT & COMMUNITY SERVICES	25,545	5,847	3,365	150	34,907	4,458	26,026	4,423	34,907	4,458	26,026	4,423	34,907	4,458	26,026	4,423	34,907	4,458	34,907	

PROPOSED 4 YEAR CAPITAL PROGRAMME - 2009/10 TO 2012/13

APPENDIX D

DETAIL	2009/10	2010/11	2011/12	2012/13	TOTAL	External Sources	Departmental Borrowing	Corporate Borrowing	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CHILDREN'S SERVICES									
Approved Schemes									
PRIMARY SCHOOLS									
EASTBURY PRIMARY	4,576	2,995			7,571	7,571			7,571
NORTHBURY INFANTS & JUNIORS	966				966	966			966
Total - Primary	5,542	2,995	0	0	8,537	8,537	0	0	8,537
OTHER SCHEMES									
RENEWAL SCHOOL KITCHENS	300	300			600			600	600
FURZE CHILDREN'S CENTRE	40				40			40	40
LEYS CHILDREN'S CENTRE	50				50			50	50
SCHOOL MODERNISATION FUND	650				650	650			650
MUSIC & PERFORMING ARTS - Adult College	855				855			855	855
Total - Other	1,895	300	0	0	2,195	650	0	1,545	2,195
Skills, Learning & Enterprise									
Barking Foyer - Integrated Advice & Guidance Service	372				372	372			372
Total - Skills, Learning & Enterprise	372	0	0	0	372	372	0	0	372
TOTAL - CHILDREN'S SERVICES Approved	7,809	3,295	0	0	11,104	9,559	0	1,545	11,104
Current Schemes Subject to Appraisal									
Ripple Infants & Juniors	50				50	50			50
Dagenham Park (Trewern - on hold)	339				339			339	339
Schools Legionella	330	330			660			660	660
Schools Asbestos	330	220			550			550	550
Schools Re-boiler	500	500			1,000			1,000	1,000
Sterry Road Children's Centre	995				995	520		475	995
Markyate Children's Centre	325				325	163		162	325
Building Schools for the Future:									
Barking Abbey			32,141	16,070	48,211	48,211			48,211
Robert Clack				12,746	12,746	12,746			12,746
Trinity			273	3,281	3,555	3,555			3,555
Warren			4,590	13,769	18,358	18,358			18,358
All Saints				5,742	5,742	5,742			5,742
Eastbury PFI variation area	541	1,621			2,162			2,162	2,162
Eastbury QJEU capital build	2,810	8,431	5,620		16,861	16,861			16,861
Sydney Russell		18,807	9,404		28,211	28,211			28,211
Contingency				46,153	46,153	46,153			46,153
TOTAL - CHILDREN'S SERVICES subject to appraisal	6,220	29,909	52,028	97,762	185,918	182,732	0	3,186	185,918

New Schemes proposed and subject to appraisal

<i>Primary Schools</i>										
Barking Riverside first Primary School (River Gate Primary)	2,000	8,000	500			10,500			10,500	
Cannington Road New Primary School	750	7,000	3,000	750		11,500			11,500	10,500
Former UEL Primary School - New Primary School	500	7,250	250			8,000			8,000	11,500
Lymington Primary School - New School	500	7,250	250			8,000			8,000	8,000
Beam Primary Expansion	1,000	2,750	250			4,000			4,000	8,000
Cambell Infant and Junior	500	1,400	100			2,000			2,000	4,000
St Joseph's Primary - expansion	500	1,900	100			2,500			2,500	2,000
St Peter's Primary - expansion	400	1,000	100			1,500			1,500	2,500
St George's School Provision - refurbishment	250	3,500	1,150			4,900			4,900	1,500
										4,900
<i>Schools - Other</i>										
Trinity School - conversion	200	50				250			250	
Major Repairs/ Fair Funding	150					150				250
Performing Arts Centre (additional funding)		750				750		750		150
Trewern Centre	480	20				500			500	750
School Modernisation Fund	1,000	110				1,110			1,110	500
										1,110
<i>Skills, Learning & Enterprise</i>										
Advanced Skills Centre	500	5,000	6,500			12,000			12,000	
Prospect Centre	700					700			700	
										12,000
										700
Total CHILDRENS SERVICES new schemes	9,430	45,980	12,200	750	68,360	67,460	750	150	68,360	68,360
Total CHILDRENS SERVICES	23,459	79,184	64,228	98,512	265,382	259,751	750	4,881	265,382	265,382

DETAIL	2009/10				2010/11				2011/12				2012/13				TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
CUSTOMER SERVICES																				
APPROVED SCHEMES																				
<u>HRA SERVICES</u>																				
DISABLED ADAPTATIONS	800																			800
HOUSING FUTURES	15,090	17,862	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	54,752	5,200			59,952	
Total HRA Services	15,890	17,862	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	54,752	0	6,000		60,752	
<u>Non HRA SERVICES</u>																				
<u>Housing</u>																				
HOUSING MODERNISATION PROGRAMME - IT System	3,033															3,033				3,033
Total Housing	3,033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,033	-			3,033
<u>ENVIRONMENT & ENFORCEMENT</u>																				
HIGHWAYS PRINCIPAL ROADS	370	370	380	380	380	380	380	380	380	380	380	380	380	380	1,120				1,120	
HIGHWAYS STRUCTURAL REPAIRS - Non Principal Rds	6,500	4,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	13,500				13,500	
Total Environmental and Enforcement	6,870	4,370	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	3,380	1,120	0	13,500		14,620	
<u>Customer Services B&D Direct</u>																				
FOUNDATION CONTACT CENTRE	500																			500
Total Customer Services B & D Direct	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	500
TOTAL - CUSTOMER SERVICES Approved Schemes	26,293	22,232	16,880	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	13,500	55,872	3,033	20,000		78,905	
<u>Current Schemes Subject to Appraisal</u>																				
Private Sector Housing	1,000	1,000																		2,000
TOTAL - CUSTOMER SERVICES subject to Appraisal	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000		2,000	

New Schemes proposed and subject to appraisal

Non-HRA Housing

Private Sector Households - DFGs	800	800	800	800	800	800	800	800	3,200	1,920	0	1,280	3,200
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Environmental and Enforcement Services

Containerisation of Waste	2,110								2,110		2,110		2,110
Land Quality Inspection Programme	60	60	60	60	60	60	60	60	240			240	240
Environmental Improvements - On Street Waste Receptacles	600	615	630						1,845			1,845	1,845
Grounds Maintenance Fleet Replacement Programme	60								60			60	60
Controlled Parking Zones Implementation Programme	100	100	100	100	100	100	100	100	300			300	300
Road Safety and Traffic Management	500	500	500	500	500	500	500	500	2,000		2,000		2,000
Street Light Replacement - Borough wide	1,000	1,040	1,080	1,125					4,245			4,245	4,245

TOTAL - CUSTOMER SERVICES new schemes	5,230	3,115	3,170	2,485	14,000	1,920	4,110	7,970	14,000
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TOTAL CUSTOMER SERVICES	32,523	26,347	20,050	15,985	94,905	57,792	7,143	29,970	94,905
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PROPOSED 4 YEAR CAPITAL PROGRAMME - 2009/10 TO 2012/13

APPENDIX D

DETAIL	2009/10				2010/11				2011/12				2012/13				TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	

RESOURCES

APPROVED SCHEMES

ICT

e-GOVERNMENT PROGRAMME	15														15					15
e-GOVERNMENT PROGRAMME (Libraries)	52														52					52
DESKTOP MANAGEMENT PROGRAMME	50														50					50
Performance Improvement Software	39														39					39
MICROSOFT ENTERPRISE AGREEMENT	384			511											895					895

Total - ICT

	540	511	0	0	0	0	0	0	0	0	0	0	0	0	1,051	895	141			1,051
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Asset Strategy

INTRUDER ALARMS	115			55											170					170
CORPORATE ACCOMMODATION STRATEGY	1,727														1,727					1,727

Total - Asset Strategy

	1,842	55	0	0	0	0	0	0	0	0	0	0	0	0	1,897	0	0	0	0	1,897
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Regeneration

WIND TURBINES	200														200					200
NEW DAGENHAM LIBRARY & CUSTOMER CONTACT CENTRE	2,149			1,488											3,637	1,488				3,637
DAGENHAM DOCK INFRASTRUCTURE	5														5					5
DAGENHAM HEATHWAY PUBLIC REALM PHASE 1	200														200					200
LONDON ROAD MARKET SQUARE	525														525					525
Energy Efficiency Programme	25														25			12		25
Legi Business Centres	5,100														5,100					5,100
LRL CORPORATE SIGNAGE	11														11					11

Total - Regeneration

	8,215	1,488	0	0	0	0	0	0	0	0	0	0	0	0	9,703	1,500	2,349			9,703
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Total RESOURCES Approved Schemes

	10,597	2,054	0	0	0	0	0	0	0	0	0	0	0	0	12,651	2,395	4,387			12,651
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Current Schemes Subject to Appraisal

Backlog Maintenance	500	500	500	1,000	1,000	1,000	1,000
Legionella (public buildings)	375	305	680	680	680	680	680
Asbestos (public buildings)	220	20	240	240	240	240	240
Improvements to Business Areas & Industrial Estates	200		200	200	200	200	200
Area Development Schemes	500		500	500	500	500	500
Corporate Accommodation Strategy	363	2,000	4,563	4,563	4,563	4,563	4,563
ICT Infrastructure	5,100	6,380	12,630	12,630	12,630	12,630	12,630
Total RESOURCES subject to appraisal	7,258	9,205	19,813	0	4,563	15,250	19,813

New Schemes proposed and subject to appraisal

Asset Strategy and Capital Delivery

Refurbishment of the Mall Car Park	100			100	75	25	100
L8 Surveys and Risk Assessment Updates	30	60	35	125		125	125
L8 Control of Legionella Remedial Works	115	115		230		230	230

Regeneration

Installation of Automatic Meter Reading in public buildings	200	30		230		160	70	230
Incorporating Energy Efficiency into Building Maintenance	40	10		50			50	50
Total RESOURCES new schemes	485	215	35	735	75	185	475	735

Total RESOURCES

	18,340	11,474	3,385	0	33,199	5,944	7,143	20,112	33,199
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ALL DEPARTMENTS

Approved

Current Schemes Subject to Appraisal	53,134	31,119	17,447	13,500	115,200	75,758	5,428	34,014	115,200
New Schemes proposed and subject to appraisal	31,093	41,853	55,981	97,762	226,688	182,732	8,986	34,970	226,688
TOTAL PROPOSED PROGRAMME ALL DEPARTMENTS	99,867	122,852	91,028	114,647	428,393	327,945	19,459	80,989	428,393

The Prudential Code for Capital Investment in Local Authorities

Prudential Indicators – 2009/10 to 2011/12

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 2009/10 to 2011/12.

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 2009/10 to 2012/13 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 2009/10 to 2012/13 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 2009/10 to 2011/12. Table 2 shows what the capital programme would look like following the inclusion of the proposed capital projects as detailed in this report. These projects will only be included in the capital programme after they have achieved “four green lights” from CPMO appraisal.

Table 1: Capital Expenditure (current capital programme):

	2009/10	2010/11	2011/12
	£'000	£'000	£'000
HRA	15,890	17,862	13,500
General Fund	68,337	55,110	59,928
Total	84,227	72,972	73,428

Table 2: Capital Expenditure (following inclusion of new schemes):

	2009/10	2010/11	2011/12
	£'000	£'000	£'000
HRA	15,890	17,862	13,500
General Fund	83,977	104,990	77,528
Total	99,867	122,852	91,028

- 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. For 2009/10 onwards, major schemes in respect of schools will commence, Building Schools for the Future for secondary schools, and a significant programme of primary school expansion to meet requirements for additional school places. Both programmes are grant funded. 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 both current projects and proposed new projects are detailed in **Appendix B** and **Appendix C** 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 2009/10 to 2011/12, ***based on the inclusion of the new capital projects*** as detailed in **Appendix C** to this report:

- 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)

	2009/10	2010/11	2011/12
	£'000	£'000	£'000
<i>Net Revenue Stream</i>			
HRA	87,116	87,116	87,116
General Fund	151,163	154,741	156,474
<i>Financing Costs</i>			
HRA	13,681	13,500	13,500
General Fund	2,318	6,233	8,225
<i>Ratio</i>			
HRA	15.7%	15.5%	15.5%
General Fund	1.53%	4.03%	5.26%

- 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. Proposals to finance the cost of housing capital works over the longer term are currently being considered and are subject to a separate Executive report. Once the implications of these proposals are finalised, the prudential indicators will be updated to take this into account.

- 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 ***based on the inclusion of new schemes***. This is set out in Table 3.

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

	2009/10	2010/11	2011/12
	£	£	£
For Band D Council Tax	45	121	160
For average Housing Rents	0	0	0

- 4.6 The table shows that the impact of new schemes based on Appendix C to this report. 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". ***This prudential indicator is based on the inclusion of the proposed new schemes:***

Table 4: Capital Financing Requirement (Prudential Indicator)

	2009/10	2010/11	2011/12
	£'000	£'000	£'000
Housing Revenue Account (HRA)	(21,355)	(21,355)	(21,355)
General Fund	91,887	121,401	132,491
Capital Financing Requirement	70,532	100,046	111,136

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 £70m** by March 2010, as shown above, **£97m** by the March 2011, and **£112m** by the end of 2011/12, the period over which the capital programme report covers.

5.4 The capital borrowing requirement does not currently include borrowing in the HRA. This is currently under consideration and will be added to the prudential indicators during 2009/10 as appropriate. Such a move would be self financing in the HRA, and would not have an impact on the affordability of the programme as a whole.

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 2009/10 to 2011/12.

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 2009/10 to account for any changes to decisions on capital investment.

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**LONDON BOROUGH OF BARKING AND DAGENHAM
CAPITAL INVESTMENT STRATEGY**

February 2009

London Borough of Barking & Dagenham

Capital Investment Strategy

1. Introduction

The capital strategy is an over-arching policy document relating to investment in services and describes how the deployment and redistribution of capital resources contributes to the achievement of corporate goals.

As a result of the economic downturn, all organisations are finding conditions challenging. For the Council, particular challenges exist as a result of falling land sales, and fewer opportunities to lever in funding for regeneration activities. That said, plenty of opportunities to continue capital investment still exist, notably through the nationwide Building Schools for the Future programme, and through the creation of a pioneering local housing company in the borough. Such schemes mean that the Council will be at the forefront of efforts to stimulate the local economy over the coming years.

Capital investment and asset management are central to the Council's ability to support effective service delivery. The capital strategy sets out how the capital programme both supports and enhances service delivery and forms the framework for more operational strategies within service areas.

Capital investment plans should not only set out how the Council intends to spend its capital resources, but also give an indication of what the outcomes of these plans are, and how they will either transform the local infrastructure, or the ability of the Council to deliver excellent services. Examples of such schemes are clearly evident throughout this strategy, in the Council's commitment to investing in its housing stock, regeneration projects across the borough, or through the development of contact centres and one-stop-shops to transform the quality of customer services.

Capital investment plans also need to appreciate that the Council has a huge asset base consisting of housing stock, schools, office buildings, roads and community assets, all of which need maintaining. This strategy takes into consideration the need to maintain these assets. Examples of such schemes include rolling programmes of investment in highways or major repairs and upgrades in both primary and secondary schools. From 2009/10 onwards, the Council is planning significant investment in IT infrastructure, which is designed both to improve the quality of services provided to customers, and also to generate greater efficiency in the way we carry out our business.

2. The Community Priorities

The Barking and Dagenham Partnership (BDP) is our local strategic partnership. It brings together the Council, health services, police, fire service, local businesses, representatives of the voluntary and community sector and members of the local community. During 2008 the BDP, after listening and talking to more than 3,000 local people, produced the Community Plan 2008-2018 ([hyperlink](#)). The plan sets out the shared vision for the future of the borough and outlines the priorities for action.

The Community Priorities, which will define the work of the Council and its Partners over the coming years, are:

- **Safe** - a safer borough where the problems of antisocial behaviour have been tackled and all young people have a positive role to play in the community
- **Clean** - a clean, green and sustainable borough with far greater awareness of the actions needed to tackle climate change, with less pollution, waste, fly-tipping and graffiti.
- **Fair and respectful** - a stronger and more cohesive borough so that it is a place where all people get along, and of which residents feel proud.
- **Healthy** - a healthy borough, where health inequalities are reduced with greater knowledge of lifestyle impacts on health.
- **Prosperous** - an ambitious and prosperous borough that supports business, jobs and skills, attracting new business with economic, social and environmental resources harnessed for the good of all.
- **Inspired and successful** - a borough of opportunity for all young people so that they can play an active economic role for the good of all.

To achieve all of the priorities set out here, capital investment is important. Ongoing, rolling programmes of maintenance to all of the Council's assets, housing stock, schools, libraries, leisure centres, heritage sites, offices, roads and community assets (such as parks), are vital to ensure we can continue to deliver high quality services across our community priorities.

Other specific capital investment projects enhance either the borough's infrastructure or the Council's asset base. In some instances, external funding can be levered in, for example with schools investment, or lottery grants for heritage sites. Other schemes need to be funded by the Council to help it achieve its priorities. This strategy sets out the Council's priorities for capital investment, and demonstrates how these contribute to the Community Priorities and cross-cutting priorities.

Priorities for Capital Investment

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-profitably investment properties and assets surplus to requirements are disposed of as efficiently as possible; and
 - Monitoring the utilisation of assets on a regular basis.

The Council's capital investment plans need align to the Council's priorities, and ensure that existing assets are maintained to an appropriate standard. These objectives need to be achieved with relatively scarce resources. The key priorities that have been agreed by Members and officers over successive years in setting the capital strategy are as follows:

- Investment in our **schools**;
- Investment in key **regeneration and arts** projects across the borough;
- Investment in our **housing stock**;
- Investment in **rolling programmes of upgrade expenditure**, for example on highways; and
- Investment in **improvements in customer services and ICT** through a customer contact centre, one stop shops, and IT infrastructure improvements, which will also result in improved efficiency.

These priorities clearly demonstrate how capital investment can be used to support the Community Priorities.

3. Asset Management Plan

The capital investment strategy aligns with the Council's asset management plan. A fundamental priority within the capital programme is the provision of ongoing, rolling programmes of capital investment to enhance existing Council assets. The Council's asset management plan is currently being updated and will be included as an appendix to this document when it is published.

4. **Funding the Capital Programme**

The period between when the strategy was last updated (February 2008) and February 2009 has seen unprecedented events affecting the global economy. This inevitably has an effect on the funding of the capital programme.

At the time that this strategy was updated, the Council had committed all of its existing capital receipts and estimated asset disposal proceeds have reduced to virtually zero in light of changing economic conditions and adverse conditions for land sales. As such, future capital investment plans will need to be financed either from the Council entering into borrowing, or from external funding.

Borrowing

The Medium Term Financial Strategy, and the budget model that underpins it, has made provision for the revenue costs of borrowing from 2009/10 onwards to be met.

Total borrowing in the proposed capital programme from 2009/10 to 2012/13 is £100m (£81m of which is funded corporately, £19m funded departmentally).

External funding

Capital investment plans are not confined to those funded internally. External funding makes up a significant proportion of the Council's capital resources. One of the key objectives of this strategy is to maximise external funding:

The main sources of external funding in relation to the capital programme are as follows:

Building Schools for the Future (Department of Children's, Schools and Families capital grant):

Primary Investment Programme (DCSF); and

Major Repairs Allowance (Department for Communities and Local Government).

Total external funding in the proposed capital programme from 2009/10 to 2012/13 is £328m.

Departmental Borrowing (or Invest to save)

The Council has also prioritised the development of "invest to save" or "self financing" capital projects. Within the proposed schemes for approval in the programme, a total of £19m of schemes are expected to be funded in this way.

5. **Capital Expenditure Plans in Council Departments**

The Authority has an ambitious capital investment programme aimed at meeting the Council's key priorities. These projects are detailed below. It should be stressed that all the initiatives commented upon are driven by the authority's corporate goals and the key to their delivery is successful partnership working.

The proposed capital programme for 2009/10 to 2012/13 totals £428million, and is set out in detail at **Annex A**.

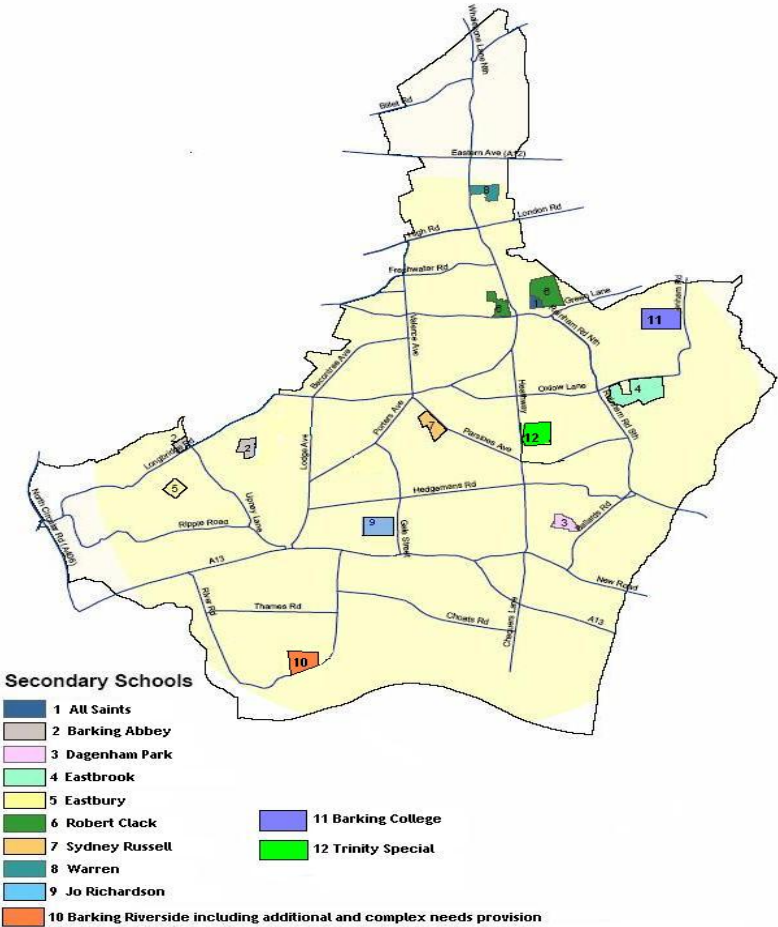
5.1 **Children’s Services**

The Children’s Services Department has identified a number of schemes to be included in the capital programme for funding during the next 3-5 years. They are summarised below:

Investment in secondary schools

The approval by the Department for Education and Skills (DfES) of this Council’s application to be in wave 4 of the Building Schools for the Future programme (starting in 2009/10) means that external grant funding of £182m will be invested in the Council’s secondary schools. The schools that will be involved in the programme are as follows:

- Barking Abbey;
- Robert Clack;
- Trinity;
- Warren Secondary;
- All Saints;
- Eastbury; and
- Sydney Russell.



Investment in primary schools

In 2007/08, the Council was successful in securing significant external funding to invest in the development of additional primary school places in the Borough. This is now being used to support a new primary school to replace the current Eastbury Infants' School, which will accommodate 630 primary pupils with a 39 place education nursery. In addition, this is being used to increase the school roll at Northbury Infants' and Junior Schools to increase the population by 210 pupils and this will entail the construction of seven new classrooms.

In 2008/09, further external funding has been secured for the development of primary school places in the borough. The key priorities for expansion are as follows:

- Barking Riverside (new school);
- Cannington Road (new school);
- UEL site (new school);
- Lymington (new school);
- Beam Primary (expansion);
- Cambell Infant and Junior (expansion);
- St. Joseph's Primary (expansion);
- St. Peter's Primary (expansion); and
- St. George's Primary (refurbishment).

This development will help to ensure that the Council can continue to provide primary school places to meet demand across the borough.

Children's centres

The Council has developed a number of children's centres across the borough in recent years. Schemes continue into 2009/10 in respect of Sterry and Markyake Children's Centres.

Children's services – other schemes

A number of additional schemes will continue in respect of children's services. The school modernisation fund is funding from central government to be used on upgrade expenditure across the Council's schools. The Council will continue to fund upgrades to school kitchens as part of a commitment to provide quality school food for all pupils. The Council is also funding the development of a performing arts centre for the borough.

Primary Schools		
ID	NAME	TYPE
1	Carnoll Infants School	INFANT
2	Dorothy Barley Infants School	INFANT
3	Valence Infants School	INFANT
4	Thames View Infants School	INFANT
5	Eastbury Infants School	INFANT
6	Furze Infants School	INFANT
7	Ripple Infants School	INFANT
8	Village Infants School	INFANT
9	Marks Gate Infants School	INFANT
10	Manor Infants School	INFANT
11	William Bellamy Infants School	INFANT
12	Rush Green Infants School	INFANT
13	Northoury Infants School	INFANT
14	Grafton Infants School	INFANT
15	Carnoll Junior School	JUNIOR
16	Dorothy Barley Junior School	JUNIOR
17	Manor Junior School	JUNIOR
18	Marks Gate Junior School	JUNIOR
19	Ripple Junior School	JUNIOR
20	Rush Green Junior School	JUNIOR
21	Thames View Junior School	JUNIOR
22	Valence Junior School	JUNIOR
23	Warren Junior School	JUNIOR
24	William Bellamy Junior School	JUNIOR
25	William Ford C of E Junior School	JUNIOR
26	Northoury Junior School	JUNIOR
27	Grafton Junior School	JUNIOR
28	Beam Primary School	PRIMARY
29	Becontree Primary School	PRIMARY
30	Five Elms Primary School	PRIMARY
31	Gascolgne Primary School	PRIMARY
32	Godwin Primary School	PRIMARY
33	Henry Green Primary School	PRIMARY
34	Hunters Hall Primary School	PRIMARY
35	John Perry Primary School	PRIMARY
36	Marsh Green Primary School	PRIMARY
37	Monteagle Primary School	PRIMARY
38	Parloes Primary School	PRIMARY
39	Richard Albon Primary School	PRIMARY
40	Roding Primary School	PRIMARY
41	Southwood Primary School	PRIMARY
42	St Joseph's Catholic Primary School (Dagenham)	PRIMARY
43	St Margaret's C of E Primary School	PRIMARY
44	St Peter's Catholic Primary School	PRIMARY
45	St Teresa's Catholic Primary School	PRIMARY
46	St Vincent's Catholic Primary School	PRIMARY
47	Leys Primary School	PRIMARY
48	Thomas Almold Primary School	PRIMARY
49	St Joseph's Catholic Primary School (Barking)	PRIMARY

Childrens Centres	
ID	NAME
1	Abbey
2	Becontree
3	William Bellamy
4	John Perry
5	Castle Green
6	Sue Brantley
7	Gascolgne
8	Wellgate
9	Leys
10	Marsh Green
11	Eastbury
12	Furze
13	Sydney Russell
14	Ford Road

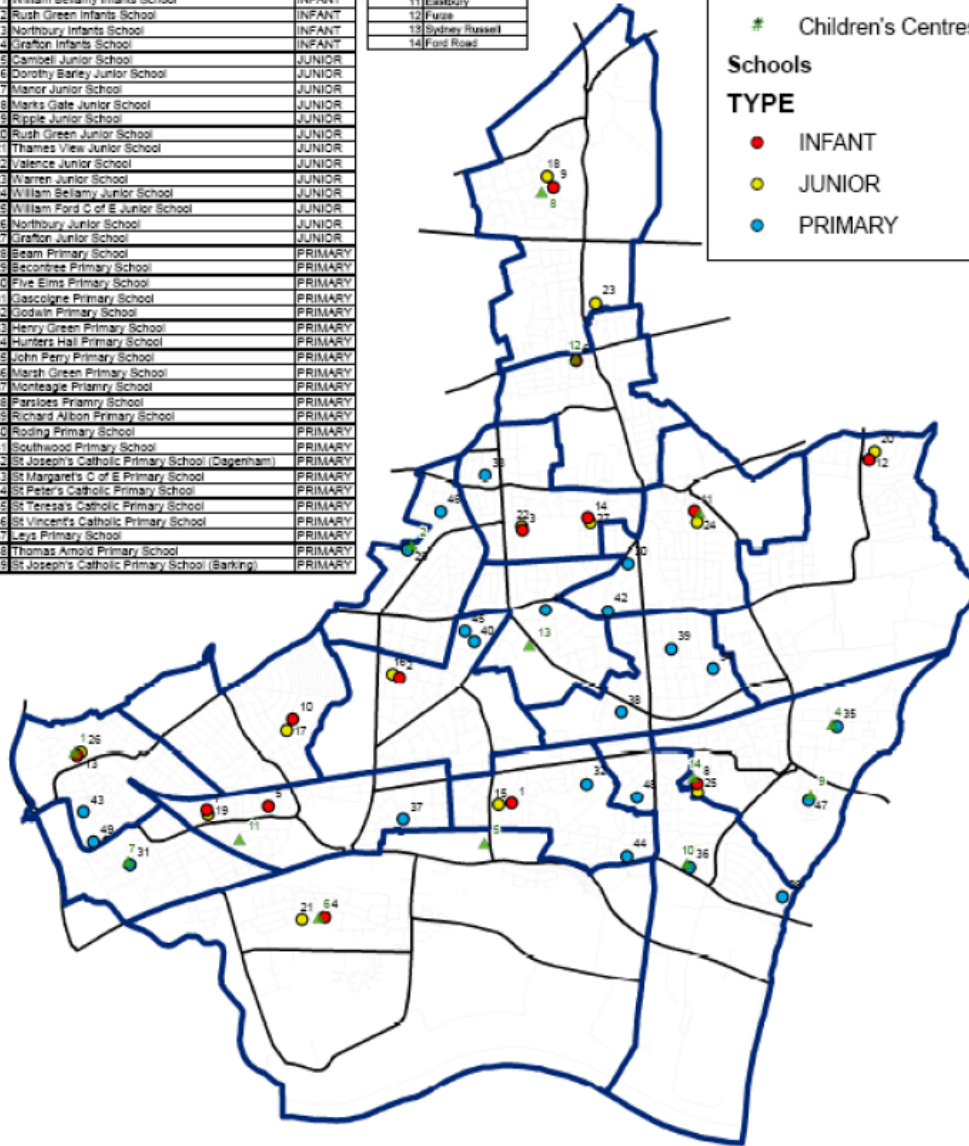
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Children's Centres

Schools

TYPE

- INFANT
- JUNIOR
- PRIMARY



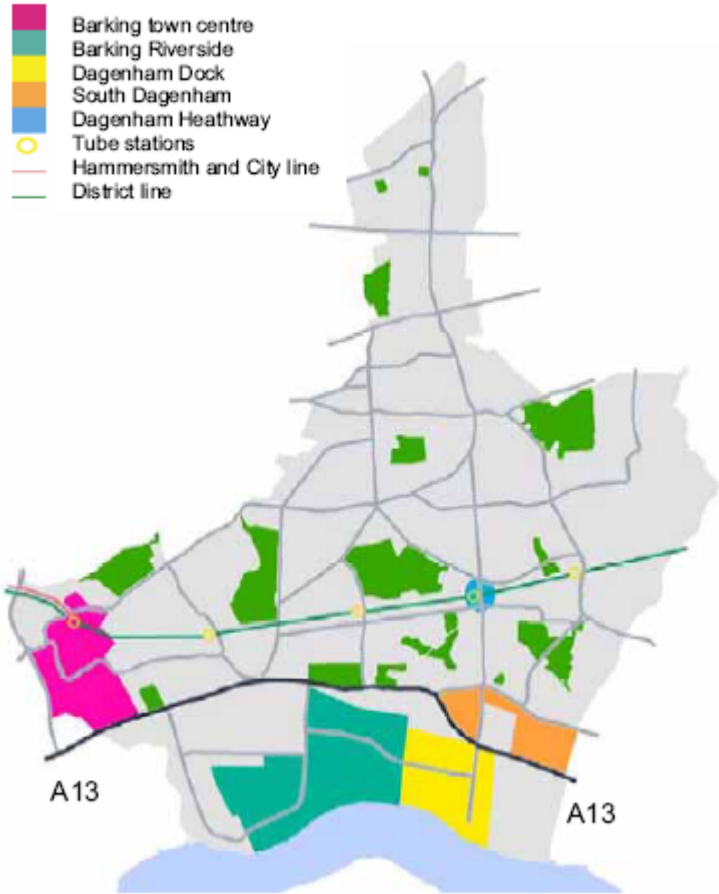
Primary Schools and Children's Centres in LBBDD

5.2 **Regeneration and Arts**

Regeneration activity

The Council has been hugely successful in recent years in securing funding for regeneration activity across the borough. More than £700m has been invested in regeneration and new affordable housing over the past 10 years, with a further £400m anticipated by 2012. Through our external public and private partnerships we will secure £1.2 billion of investment to transform Barking town centre. This will provide employment and business opportunities as well as modern housing. Our flagship Barking Learning Centre is at the heart of the scheme and promises to tap into and develop residents' talents. All of this activity has resulted in developments across a range of sites in both Barking and Dagenham, for example Dagenham Heathway public realm and Creekmouth industrial estate environmental improvements. Regeneration activity is set to continue in the coming years with Barking Riverside taking off later this year with new homes and social infrastructure such as schools. In addition there will be, with further improvements to shopping parades, public realm and a range of other environmental improvements.

Regeneration areas in Barking and Dagenham



Developments in Barking Town Centre



Public realm in Dagenham



Discussions continue with the Greater London Authority and the Government regarding the funding of the Docklands Light Railway extension into the south of the borough.

DLR



Barking Riverside Proposals

It is expected that 3000 new homes will be built at Barking Riverside and Thames View over the next five years.

A new leisure centre will be built at Becontree Heath which will replace the ageing swimming pool at Becontree Heath and the current leisure centre at Wood Lane.

The Council is committed to improving energy efficiency across the borough, with a range of initiatives designed to build on the success already achieved in obtaining beacon status for tackling climate change.

The Council has supported the development of Barking Foyer to provide a multi-functional space for young people including accommodation and training to enhance skills. Three job shops now operate across the borough to enhance local resident's opportunities to gain and improve their employment prospects. Through use of capital funding the Council is supporting the development of a Prospect Centre to provide in a commercial setting the practical employment skills necessary to enable improved job opportunities. In addition initial discussions are underway to develop an advanced skills centre to further boost the capacity to train and up-skill residents.

External funding has been received for improvements to a number of parks and open spaces across the borough, notably investment in Barking Park.

Arts, Culture and Heritage

The Council has been successful in securing external funding to enhance both Eastbury Manor House and the Valence House site. Investment will continue in the Council's libraries, upgrading the Marks Gate facilities, and providing new facilities at Rush Green.

5.3 Investment in Housing Stock

Local Housing Company

The Council is committed to ensuring that there is sufficient social and affordable housing across the borough to meet the needs of residents. The Council is one of the first boroughs in the country to set up a local housing company, which will deliver these aspirations over the next 5 years.

The Borough is one of only two local authorities to pilot the first LHC in line with the Government's Housing Green Paper.

The LHC will be a jointly owned and controlled development and long-term asset owning company and will provide up to 8,000 new housing units in the borough, 50% of which must be affordable.

Activity will involve both upgrading existing housing, and the development of new units, and will take place in the following areas:

- The Lintons;
- Gascoigne Estate;
- Marks Gate;
- Goresbrook area; and
- Additional sites that come forward in Barking Town Centre.



Improvements to existing housing stock

The Council's housing futures programme is a programme of enhancement expenditure for existing Council stock to bring it up to the "decent homes standard". This programme totals £61m for 2009/10 to 2012/13 and is funded both from external grant (£55m) and through Council funding (£6m).

5.4 Rolling Programmes of Capital Investment

The capital programme includes a number of schemes that deliver ongoing capital investment in the following areas:

- Highways – a rolling programme of investment in the borough's roads and footpaths totalling £13.5m over the period from 2009/10 to 2012/13.
- Office upgrade expenditure - the Council is committed to funding a rolling programme of office major repairs; funding for this purpose has been incorporated into the 2008/09 to 2011/12 capital programme.
- Street Lighting – a rolling programme that will provide for the replacement of all street lanterns, These new sodium lanterns will improve visibility, deter crime and provide a safer environment;
- Management of Traffic - A rolling programme where schemes will be developed to ensure traffic is controlled in its speed, volume and use of suitable routes thereby achieving significant environmental improvements for the residents of the Borough.
- Local traffic schemes, for example 20mph zones and accessibility.



The Council is also working with the Greater London Authority through Transport for London (TfL) to improve both transport networks in the Borough and to provide a cohesive strategy across London. The Authority receives direct grants for a range of schemes and initiatives including planned maintenance on principal roads, local traffic schemes, safer routes to schools, cycle lanes, bus routes and bridge strengthening. Investment in the Borough's non-principal road network is also a priority.

5.5 **Customer Services and ICT**

The Council has invested significant funding into developing a foundation contact centre and one-stop-shops across the borough over recent years, and these projects will continue into 2007/08. The aim of these projects is to underpin the Council's commitment to delivering excellent customer services. A one stop shop has already opened in the Barking Learning Centre, and a further one stop shop and library facility will be opened at the Church Elm Lane site at Dagenham Heathway in 2009/10.



Improvements to Information Technology Infrastructure

Good quality ICT infrastructure is vital in ensuring the Council can provide good services to the public. It is also vital in ensuring that the Council can improve the efficiency of its operations, diverting resources from back office areas to vital frontline services. The Council is committed to investing in ICT infrastructure over the next 4 years to achieve these aims.

6. Assets Portfolio

6.1 Non-operational and Commercial Property

The Council holds a substantial portfolio of non-operational and commercial property.

The Authority has disposed of some of these from the portfolio because the holdings were either;

- uneconomic to manage,
- had potentially high capital value in comparison to rental income generated or
- capital could be better employed elsewhere in service delivery.

The Authority is committed to continue to review its portfolio to ensure that it falls into one of the following categories:

- Income generation investment - a good return on investment;
- Social/ Community - e.g. local shops in isolated communities, in which case aim is to reduce subsidy; and
- Strategic property e.g. properties acquired over time to enable larger schemes to proceed at future date.

Under favourable economic conditions, the Council would dispose of assets that do not meet the requirements as above. However, given the current economic downturn and slump in the property market, it is unlikely that significant asset disposals will take place in the next few years. The Council therefore needs to ensure that it makes the best use of all assets under these new market conditions.

6.2 Land Disposals Programme

From 2009/10 onwards, the impact of pooling for the Council will be much reduced – due to adverse economic conditions, land sales and right to buy receipts will be severely limited over the coming years.

For the period 2009/10 to 2012/13, the capital programme has been put together assuming a minimal level of capital receipts. The programme is funded from a combination of internal resources (borrowing) and external grant funding.

7. Updating the Capital Programme

The Council has a significant capital programme and it is important that this is well managed through a structured process to ensure that the Community and Corporate priorities are achieved.

The programme is heavily dependent upon funding from external sources and our own internal sources. The current position is that the level of capital receipts available to support the programme is reducing due to lower right to buy sales and fewer land disposals.

The annual review of the capital programme will take into account the availability of external funding, and the allocation of internal resources, as detailed in section 3. Directors are then asked to submit business cases for schemes agreed to be funded from internal resources, or those attracting external funding, on a detailed pro-forma. This will allow all the key issues to be available for Corporate Management Team and Executive consideration.

7.1 **Capital Appraisal System**

A review of the management of the Capital Programme was undertaken by KPMG in 2001. The review looked at both strategic programme management and individual project management and the resultant report made a number of recommendations to improve both these aspects. As a result there has been the creation of the Capital Programme Management Office (CPMO) to oversee the delivery of the capital programme.

All capital projects are required to be appraised and scored in terms of:

- Strategic fit
- Financial implications
- Deliverability & procurement
- Benefits plan

For any scheme to be included in the approved capital programme it needs to have successfully achieved the required score in each category. This is denoted by the category achieving a “four green light” status. The procedure used is green book/treasury compliant and meets the requirements of the Prudential Code for Capital Investment.

The CPMO appraisal process is currently under review and efforts are being made to ensure that it is even more effective in 2009/10.

7.2 **Capital Monitoring**

A sophisticated model of monitoring is used by the Council and is referred to as the Management Information Report (MIR). This procedure is run by the Capital Programme Management Office and is supported by Corporate Finance.

All project sponsors are required to submit progress on their schemes on a monthly basis and this in turn is included in the MIR and reported to the Council’s monthly Resource Monitoring Panels for each Department where both revenue and capital budgets are monitored.

Where additional funding becomes available during the year, further reports are submitted to the Executive to seek agreement to include in the Capital Programme, together with any other financial implications of the scheme.

Following this the Executive receives a monthly budget monitoring position on the Council's overall position for revenue and capital. These processes enable the Council to maximise its capital investment and enable programme delivery of key requirements for the organisation.

7.3 **Tenders**

Tender lists are selected in accordance with Standing Orders and the agreed procurement route. Post tender reporting will follow established procedures in accordance with the Contracts Code of Practice and the Authority's procurement strategy. Within evaluations there is the need to look at Quality/Price assessments reflecting improved value for money in relation to whole life costs and greater community benefits i.e. projects being approved on a cost/benefit basis rather than lowest price.

7.4 **Procurement**

Effective procurement will enable the organisation to develop more efficient and best practice processes and procedures which will assist in the successful delivery of major procurement projects, the management of strategic partnerships and the realisation of savings that can be channelled into priority services or into council tax reductions.

To this end the Council has embarked on a number of procurement initiatives with a view towards maximising both financial savings and improving efficiency, ensuring that these procurement initiatives fit with the broader strategic objectives of the Council. Specific examples include the procurement of Construction Framework Agreements covering major programmes of construction work where contracts are let to a pre-selected number of contractors based on their ongoing performance as well as price. The outcome of this is the Council will have reduced costs and increased efficiency in its tendering processes, the sharing of risk and benefits with the contractors, and the ability to take advantage of the financial benefits derived from focussing construction expenditure on a finite number of contractors.

For future projects there will be a greater focus on exploring how opportunities to use various procurement options including use of consortia, partnering, with both the supply sector and other public bodies, and the use of voluntary and community sector can be exploited. There will also be more emphasis on building continuous improvement into project specifications. A recent example is the establishment of a Local Education Partnership (LEP) to support the Building Schools for the Future agenda.

Work is already underway to introduce electronic procurement solutions in order to improve efficiency in the procurement process, focus spend with

contracted suppliers, improve invoice payment times and produce meaningful spend management information which will inform future procurement decisions and strategies.

We are also working to establish mechanisms through which employment opportunities for local people can be exploited and local businesses developed and encouraged to exploit trading opportunities provided by the Council through its procurement activities.

Underpinning all of the above the Council, in collaboration with the London Centre of Excellence, is developing a series of procurement performance indicators which will enable us to monitor year on year performance and the effectiveness of the procurement function both internally and in comparison with other public body organisations.

February 2009

Summary of Proposed Capital Programme 2009/10 to 2012/13

<u>Department</u>	<u>2009/10</u> <u>£'000</u>	<u>2010/11</u> <u>£'000</u>	<u>2011/12</u> <u>£'000</u>	<u>2012/13</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Adult & Community	25,545	5,847	3,365	150	34,907
Children's	23,459	79,184	64,228	98,512	265,382
Customer Services	32,523	26,347	20,050	15,985	94,905
Resources	18,340	11,474	3,385	0	33,199
Total Programme	99,867	122,852	91,028	114,647	428,393
<u>Funding:</u>					
Internal Resources	55,089	30,764	12,440	2,155	100,448
External Sources	44,778	92,088	78,588	112,492	327,945
Total Funding	99,867	122,852	91,028	114,647	428,393

THE EXECUTIVE

17 FEBRUARY 2009

REPORT OF THE CORPORATE DIRECTOR OF RESOURCES

Title: COUNCIL TAX 2009/10	For Decision
Summary	
<p>This report advises on the level of the Council Tax for 2009/10 and the adoption of the updated three year financial planning costs of the Council covering the period 2009/10 to 2011/12.</p> <ol style="list-style-type: none"> 1. This report refers a proposed budget and Council Tax to Assembly on 25 February 2009 for final decision. 2. In putting together the proposed budget, there has been a need to balance the pressures on the budget and investment in key services in accordance with the Council's priorities against the resources available and set a budget which is both deliverable and sustainable. 3. The budget needs to be seen within the context of a three-year financial plan and the implications of the current proposal for the Council's service planning over the next three financial years needs to be considered as part of the consideration of the 2009/10 budget. It is clear that the Council will continue to face very difficult choices when setting budgets in future years. 4. To support the decisions that will need to be made a three-year financial plan covering the years 2009/10 to 2011/12, is included as Appendix I to this report. 	
Wards Affected: All	
Recommendations	
<p>The Executive is recommended to refer to the Assembly for approval:-</p> <ol style="list-style-type: none"> 1. The budget, as set out at Appendices A to G. 2. A Council Tax freeze for 2009/10 as set out at Appendix H, subject to the final precept announcement for the Greater London Authority. 3. The three year financial planning figures arising from this budget proposal indicated at Appendix I. 4. The indicative savings proposals for 2010/11 and 2011/12 indicated at Appendix J. 5. The position on reserves as set out in paragraph 2.4. 6. To note the continuing need to identify relevant efficiency gains throughout the organisation over a 3 year period to meet the required Government targets 	

(paragraph 9).

7. To note that the Council's three-year medium term financial strategy will now be combined into the Council Plan, which will be presented to the Executive in March 2009.
8. Delegate to the Divisional Director of Corporate Finance the responsibility to allocate initial savings targets across all services for the 2010/2011 budget process to commence in April 2009.

Reason

Under the Council's Constitution, it is necessary for the Executive to refer a proposed revenue budget and Council Tax to the Assembly for approval or amendment.

Implications:

Financial:

The setting of a robust budget and Council Tax for 2009/10 will enable the Council to provide and deliver required Council Services within its overall service and financial planning framework.

Legal:

There are no legal implications regarding this report.

Risk Management:

In setting the overall budget consideration has been given to all Council service budgets and the relevant risk associated with each budget dependant upon the required additions and reductions from the proposals included in this report.

Social Inclusion and Diversity:

As this report does not concern a new or revised policy there are no specific adverse impacts insofar as this report is concerned.

Crime and Disorder:

There are no specific implications insofar as this report is concerned.

Options Appraisal:

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

Contact Officer:

Joe Chesterton

Title:

Divisional Director
of Corporate
Finance

Contact Details:

Tel: 020 8227 2932
Fax: 020 8227 2995
E-mail: joe.chesterton@lbbd.gov.uk

1. Introduction and Background

- 1.1 The proposed budget has been set against the background of the Council's Community priorities, which the Medium Term Financial Strategy will help to deliver and are:
- **Safe** - a safer borough where the problems of antisocial behaviour have been tackled and all young people have a positive role to play in the community;
 - **Clean** - a clean, green and sustainable borough with far greater awareness of the actions needed to tackle climate change, with less pollution, waste, fly-tipping and graffiti;
 - **Fair and respectful** - a stronger and more cohesive borough so that it is a place where all people get along, and of which residents feel proud;
 - **Healthy** - a healthy borough, where health inequalities are reduced with greater knowledge of lifestyle impacts on health;
 - **Prosperous** - an ambitious and prosperous borough that supports business, jobs and skills, attracting new business with economic, social and environmental resources harnessed for the good of all;
 - **Inspired and successful** - a borough of opportunity for all young people so that they can play an active economic role for the good of all.
- 1.2. In setting the proposed budget, officers have assessed the budget, including the unavoidable pressures facing the Authority and the costs of continuing with existing policies and practices.
- 1.3 An initial revenue budget for 2009/10 was presented and approved as a separate report to the Executive on 20 January 2009. It shows that the base budget requirement for 2009/10 is £293.66 million.
- 1.4 The purpose of this report is to propose a revenue budget and Council Tax for 2009/10, which will be referred to Assembly for consideration on 25 February 2009.
- 1.5 The final announcement for the Greater London Authority precept is to be made on 11 February 2009, with authorities to be notified on or prior to 13 February 2009. The proposal put to the Assembly by the Mayor was for a freeze in the precept at 2008/09 levels. The Mayor's proposal is to be considered by the London Assembly on 11 February 2009 and a verbal update on the final precept agreed will be made at the meeting.

2. Budget Considerations

2.1 Inflation

- 2.1.1 A provision of £3.5 million has been indicated, based on an expected level of inflation of:

2009/10

Employee costs	2.5%
Other costs	2.5%
Fees and charges	3.0%
Pensions costs	1.0%

This is broadly in line with the Government's forecast for the economy as a whole and reflects broadly the estimated pay award for officers. This estimate represents inflation

on pay and assumes that income from fees and charges should rise in line with inflation. No inflation provision has been provided for a number of non-pay areas of the Council's budget, exceptions are areas such as energy and third party contracts. In addition, as part of the Dedicated Schools Grant increase of £6.4 million for schools the necessary inflation provision is provided within that sum.

2.2. Children's Issues

- 2.2.1 Children's Services includes the funding for all 55 schools in the borough, other educational and social care functions associated with the delivery of the Every Child Matters Agenda and, from 2009/10, it will include the Learning, Skills and Employment, which had previously been part of the Regeneration Department.
- 2.2.2 The vast majority of the funding for the Children's Services Department is provided via specific grants, with the largest element being the Dedicated Schools Grant (DSG) (£135 million in 2008/09). While the vast majority (90%+ in 2008/09) of the DSG is provided directly to schools, the balance may be retained by the local authority for spending on prescribed activities only, including special needs, pupils out of schools, education provision for three and four year olds, admissions, school meals and a few other specific items. Schools also receive funding from Learning and Skills Council for post 16 students, School Standards Grant, School Development Grant and particular Standards Fund activities.
- 2.2.3 Educational activities are also funded from the General Fund budget and the regulations from the Department for Education and Skills are prescriptive about how costs should be treated. So, home-school transport costs, educational psychology costs and a range of strategic education functions may not be charged to the DSG.
- 2.2.4 The General Fund also supports children's social care functions, including children's placements, leaving care services, social work functions and other early intervention and preventative activities. Moreover, the SureStart grant that is designed to grow capacity in services for 0-5 year olds and their families is still a significant component of the work of the Integrated Family Services division.
- 2.2.5 The main budget challenge facing Children's Services is to manage the volatile, demand led budgets for children's placements and leaving care. These budgets have been showing significant overspends in recent years, but recent developments in modelling future trends and expectations about individual casework are showing good signs that forecasts are being upheld. Also, a range of early intervention projects are contributing to lower numbers of looked after children with forecasts of costs reducing in the medium to long term.
- 2.2.6 Within the capital budget, the significant growth in pupil numbers is putting pressure on school places and short-term and long-term plans to address the issues that arise from this situation are being pursued by officers. Even more significantly, however, is the prospect of a £250 million Building Schools for the Future programme to transform secondary education in the borough. As of February 2009 officers were waiting for Partnerships for Schools to approve the Authority's Outline Business Case so it could begin the procurement of the first projects in the programme.

- 2.2.7 The new dedicated schools grant has allocated £141.7 million to the Council for spending on schools, it has increased since last year by £6.4 million (a 4.7% increase) and the proposals for additional spending on schools for this sum are shown in Appendix A and A(i), with detailed descriptions of options proposed in Appendix G.
- 2.2.8 The Schools Forum has been consulted on various options relating to the Schools budget and endorses the proposals being made.
- 2.2.9 In addition, specific grants totalling £21.9 million have currently been announced to support Children's Services.
- 2.3 Adults Services Issues
- 2.3.1 Adult Care Services are subject to transformation over the next three years through the introduction of the Governments Personalisation Agenda and Individual Care Budgets. Nationally an extra £520 million will be allocated to Councils as a Social Care Reform Grant to enable the facilitation of this programme.
- 2.3.2 Budget pressures have been experienced in 2008/9 in Adult Care Services particularly in Adult Community Care budgets, including Learning Disability Services, and in the area of transitions from Children's Services. Successful actions were taken throughout the year to contain expenditure within budgets; such measures included reviewing levels of services and staffing (including specifically agency staff), robust commissioning and contractual arrangements with providers, and continued efficiency measures being adopted throughout the Department.
- 2.3.3 Services at the interface with the Health Service locally remain challenging, but success and progress has been made in terms of reducing the cost and number of delayed discharges from Local Acute Hospitals.
- 2.3.4 The department is continually challenging modes of service provision to ensure value for money, independence, and flexibility. In recent years this has meant the modernisation or closure of some traditional services and Establishments / Institutional care, with a coterminous expansion in such areas as Prevention, and the Personalisation Agenda including Individual Budgets and Direct Payments.
- 2.3.5 The Department together with the Adult Care Sector nationally is facing difficult times ahead, with National and Local reductions in budgets anticipated, but feels from experience previously it is in a strong position organisationally to deal with the challenges ahead.
- 2.3.6 Coupled with the spending pressures on Adult care services, the settlement requires that resources are managed carefully to ensure that services can continue to be met with the financial resources available.
- 2.3.7 The proposals for additional spending and reduction in Adults Services are shown in Appendix A and A(i).

2.3.8 In addition, specific grants totalling £6.5 million have currently been announced to support Adult Services.

2.4. Reserves/Contingency

Reserves

2.4.1. The overall level of working reserves needs to be sufficient to provide financial stability to the Authority's finances, to allow for unforeseen fluctuations in spending and to provide enough flexibility for Members to respond to issues as they arise.

2.4.2. When reviewing the Medium Term Financial plans, Councils need to consider its level of reserves and the reasons for those reserves. There is also a requirement to undertake a review when the annual budget is set in February/ March each year.

2.4.3 The CIPFA guidance on Local Authority Reserves and Balances 2003 does not set any "level", but sets out the factors the Chief Financial Officer should use when assessing the level. The external auditors have been silent of specifying levels, tending to only comment on adequacy.

2.4.4 For Barking and Dagenham a reasonable level of reserves would amount to approximately £14 million based on its annual budget requirement and school balances.

However, having considered CIPFA guidance, it has been assessed that a significant amount of the services that the Council provide have little or no risk in terms of potential financial performance and other internal and external influences and factors. After assessing these areas and excluding school balances, it is therefore considered that a minimum level of general reserves would be around £7½ million.

In addition to this sum, the Council will as usual also hold earmarked reserves for specific purposes.

2.4.5 The advice of the Chief Financial officer remains that the above figure is the recommended level for working (general) reserves. Whilst this does not preclude the use of reserves in the short term for items Members regard as essential growth or vital projects, it is important that an adequate level is held.

2.4.6 In producing the proposed budget it has been identified that a sum of £1.0 million will be added to general reserves as part of the approved three year financial plan. At 1 April 2009 it is estimated that the level of uncommitted general reserves will be £7.4 million. It must be noted that for 2010/11 and future years continued consideration will need to be given to addressing the use of these reserves within the setting of the Council's overall budget.

2.4.7 The Medium Term Financial Strategy sets out in detail the type of reserves held by the Council along with a profile of their estimated utilisation up to 1 April 2012, which reflect the use of the reserves as identified above. The strategy also recommends the level of certain reserves and their intended use.

Contingency and Robustness of Budget

- 2.4.8 In assessing the budget an adequate level of contingency is required as well as appropriate levels of reserves and balances. Each year when assessing the level of contingency the following are examples of the factors that will be considered:-
- Projected pay awards (including London Weighting);
 - In year budget pressures of volatile budgets (e.g. homelessness, care packages, external placements);
 - Costs of new responsibilities, where estimates have been prepared with limited experience;
 - Unconfirmed grant funding regimes;
 - Unexpected events;
 - Variable interest rates;
 - Budget risks.
- 2.4.9 For 2009/10, the level of contingency included within the proposed budget is £1.5 million.
- 2.4.10 Under the provisions of the Local Government Act 2003 the Chief Finance Officer is also expected to state formally whether the budget is a “robust” one. It is the Chief Financial Officers view that the Council’s process for setting the 2009/10 budget has, so far, been robust. Further advice will be offered to the Council Assembly should this assessment change.

3. Formula Grants and Levies

3.1 Formula Grant 2009/10

- 3.1.1 Since 2006/07, the local government grant settlement has been allocated using what is known as the “four block model”. This was a change in the methodology of grant allocation, replacing the Formula Spending Share (FSS).

The four block model grant allocations comprise the following components:

- A relative **needs** amount (e.g. to reflect differences in deprivation or other factors such as density and commuters) using Relative Needs Formulae (RNF);
- A reduction based on relative **resources** (the relative ability of authorities to raise council tax);
- A **central allocation** (basic amount) based on a per capita amount;
- An allocation to ensure a minimum increase in grant i.e. the damping amount required to fund the floor which is positive for floor authorities and negative for those above the floor. The floor is set at 1.5% for 2009/10 (2.0% for 2008/09).

In January 2009, the Department for Communities and Local Government confirmed the formula grant allocations for the period 2008/09 to 2010/11.

An illustration of the component parts of this calculation for Barking and Dagenham is set out below:

	2009/10 £m	2010/11 £m
Relative Needs Amount	83.05	85.60
Relative Resource Amount	(9.99)	(10.36)
Central Allocation	32.03	32.92
Floor Damping	(5.89)	(5.38)
Total Formula Grant	99.20	102.78

3.1.2 A final announcement of the Formula Grant for 2009/10 was made in January 2009, which allocated £99.2 million to the Council for 2009/10, an increase of £3.9 million or 4% increase on a like for like basis compared with 2008/09.

3.2 Levies

3.2.1 Certain bodies have the power to levy on the Council to meet their funding requirements and these levies count as Council spending for the purpose of the Council Tax. The proposed final levies for 2009/10 are as follows:

	2008/09	2009/10
	£000s	£000s
East London Waste Authority	6,704	7,128
Environment Agency – Flood Defences	104	104
London Pension Fund Authority	210	254
Lee Valley Regional Park Authority	157	160
Total Levies	7,175	7,646

3.2.2 In respect of the East London Waste Authority the increase of £424k which is 6.3%, relates to the apportionment between the four constituent boroughs based on the number of Council properties at Band D and the Council tonnage figures for collected Household general refuse. The key reason for the increase relates to the rising costs of waste disposal including the impact of landfill tax and increases in tonnage and general inflation. The increase in the London Pension Fund Authority levy is due to a review of their overall costs and apportionment but also reflects the additional charge to fund past year deficits. Relevant provision for the above increase of 6.6% in all levies has been allowed for in the proposed budget.

4. Base Budget

4.1. The Base Budget for the Authority, as reported in a separate report to the Executive on 20 January 2009, is £293.66 million.

5. Executive Budget Proposals

5.1 The Executive budget proposals are set out in full at Appendices A to G and are as follows:-

- Appendix A - Summary of Revenue Budget Changes
- Appendix A(i) - Summary of proposals by Department
- Appendix B(i) - Summary of Pressures and Invest to Save proposals
- Appendix B(ii) - Summary of Savings proposals
- Appendix C - Description of Pressure proposals by Department
- Appendix D - Description of Invest to Save proposals by Department
- Appendix E - Description of Savings proposals by Department
- Appendix F - Description of Corporate proposals
- Appendix G - Description of budget options for Schools

5.2 For all Council services excluding schools these identify increased spending of £11.52 million and savings of £12.37 million and involve a significant redirection of budget spending between all Council services.

6. Council Tax

6.1 Collection Fund

6.1.1 The Council is required to maintain a separate Collection Fund into which its Council Tax receipts are paid. Each year, any balance on the Collection Fund must be brought into the calculation of the Council Tax for the following year. Any available surplus on the fund must be used to reduce the Council Tax and any deficit must be met by increasing the Council Tax.

6.1.2 The latest estimate for 2008/09 is that a deficit will be made on the Collection Fund and that Barking and Dagenham's share will be £163,000. The main reason for this deficit is a result of increased personal discounts and exemptions. In addition, the final figures for 2007/08 need to be factored into this year's budget and this identified a final deficit of £249,000. Both sums have been accounted for in the proposed budget for 2009/10.

6.2. Greater London Authority Precept

6.2.1 The Greater London Authority precept is set by the Mayor and Assembly for London and covers the budget requirement for the Mayor and Assembly and its three main constituent bodies, the Metropolitan Police Service, the London Fire and Emergency Planning Authority and Transport for London.

6.2.2 The Mayor's proposals submitted for consultation to authorities in December 2008 proposed a freeze in the precept at Band D for 2009/10 at the same level as for 2008/09. This would result in a Band D precept for 2009/10 of £309.82, the same as in 2008/09.

6.2.3 The Mayor's budget can be amended by a two-thirds majority of the London Assembly, which is due to meet on the 11 February. At this meeting the London Assembly will decide upon the Mayor's proposals of a freeze in the precept for 2009/10. A verbal update on the final decision will be made at the meeting.

6.3. Capping of Council Tax

6.3.1 Each year when setting the Council Tax the Authority needs to have regard to announcements from Government in this area.

6.3.2 The capping criteria applied in 2008/09 were as follows: (as announced by the Local Government Minister, John Healey).

- % increase in council tax was more than 5%.

Barking and Dagenham's Council Tax rose by 4.3%, and the budget requirement grew by 6.4% and therefore the Council was within the relevant capping criteria for 2008/09.

6.3.3 The capping criteria to be applied in 2009/10 has not been announced yet, and will not be until after authorities set their budgets. However, an indication was given in the speech made by John Healey to the House of Commons on the announcement of the 2009/10 provisional settlement, when he indicated that the average Council tax increase should be substantially below 5 per cent.

6.3.4 The proposed budget requirement for 2009/10 is £151.2 million. The budget requirement, after adjustment for fundamental changes, shows a 2.6% increase on 2008/09 compared to a proposed freeze in the Council tax of 0%.

6.4 Council Tax 2009/10

Appendix H sets out the impact on Council Tax of the budget proposals set out in this report. This reflects the estimated GLA precept to be decided on by the London Assembly.

7. **Medium Term Financial Strategy**

7.1 The Council agreed a three-year medium term financial strategy when setting last year's budget and Council Tax. This has now been fully updated to reflect a view up to the financial year 2011/12. To enable a fully linked process to service planning of the organisation the Strategy proposed will now be included within a new Council Plan, which is to be presented to the Executive in March and Assembly in April for final approval. The purpose of the three-year strategy is to enable the budget to be set in a more strategic context and to pursue budget options over a longer time frame.

7.2 The decisions proposed in this report will have implications later in the three-year budget cycle and these are fully set out in the papers. Members should bear in mind the ongoing implications of proposals included in the 2009/10 budget, although these will not finally be approved until later budget years.

- 7.3 Appendix I sets out indicative financial planning figures for 2010/11 and 2011/12, which will be subject to further discussion and decision at the appropriate time.
- 7.4 The revenue budget will clearly increase by more than the Government's indicated Spending Review targets over the next three years. In addition, further pressures are almost certain to come to light. It will also be necessary to consider the use of capital resources, as capital expenditure plans over the next three years now require the Council to fund part of these through borrowing. Pressures to earmark Government funding for specific purposes, particularly in relation to Schools, are likely to be maintained.
- 7.5 In addition, the ongoing effect of Government changes to the local government finance system and the impact of Census data on grant allocations will have an impact on the Authority which cannot currently be assessed. Budget pressures exist as expected as a result of ongoing increased pension costs arising from the latest and next triennial valuation of the Pension Fund and additional statutory requirements.
- 7.6 It is therefore anticipated that pressure on the Authority's budget will remain unabated over the 3 years of the plan, and a further £22.3 million of potential budget pressures (including schools pressures of £5.8 million) is currently forecast for 2010/11.
- 7.7 In order to plan for these ongoing pressures, it is important that the budget process for 2010/11, as with the 2009/10 process, starts early in the new financial year, and a strategic approach is adopted so that budget proposals are considered in terms of outcomes linked to priorities. This approach will also enable budget proposals (pressures & savings) with longer lead in times to be considered.
- 7.8 Reductions at the projected level of around £13 million for 2010/11 will need to be made across all Services apart from the Schools budget, which is funded by the ring fenced dedicated schools grant. Targets are to be set to allow the process for identifying savings to commence in April 2009. It is recommended that the Divisional Director of Corporate Finance should provide the initial targets for savings across all services to enable this to happen.
- 7.9 As an initial starting point for both 2010/11 and 2011/12 and to meet the required savings targets required across the Council, Appendix J indicates potential savings proposals across the individual departments. Members are being asked to support these in principle to ensure the relevant progress is made to achieving the overall targets required in both the following financial years.

8. Community priorities

- 8.1 It is vital for the quality of service planning across the organisation that resources are aligned to key priorities, and that service and financial planning has been undertaken with relevant consideration of key priorities alongside available resources.
- 8.2 The Council's financial planning process is linked to the Council and service planning process, which enables us to take a high-level view in translating local and national priorities, into deliverable actions and positive outcomes for local people.

- 8.3 Each service division within the Council produces an annual service plan which sets out how they will deliver their contributions to the Community and Council priorities.
- 8.4 In addition the Council also produces a range of published strategies and plans, all of which have financial implications, some beyond the three year period anticipated by a Medium Term Financial Strategy.
- 8.5 However, the Council's corporate priorities help to add focus to what we are trying to achieve and enable us to deliver against our wider objectives in the community. The budget process has identified a total of £12.4 million of savings, of which over a substantial sum are efficiency savings, which can be re-directed. Some of these resources are directed to fund current cost pressures. Other resources are directed to fund developments in services across the organisation. The Council is also allocating £0.5 million from reserves to fund invest to save projects.

9. **Efficiency**

- 9.1 Targets for efficiency gains were set across the public sector for the period 2005/06 to 2007/08. The Council's efficiency target for this period was £13.4 million and we have achieved and exceeded this challenging target one year early. It is vitally important that the momentum on the efficiency programme is maintained. The Comprehensive Spending Review that the Treasury carried out in 2007 did not allocate significant increases in grant funding to local government over the next 3 year cycle. This position, coupled with existing financial pressures and the continued drive for excellence across the Council's services, makes driving out efficiency gains increasingly relevant. The Review did not set specific efficiency targets for a further 3 year period but fully expects Local Government to deliver a high level of efficiencies against reducing grant levels. Therefore, Local Government has to review its efficiency position based upon a Government indicator. For 2009/10 our efficiency projection has been calculated as around £8.0 million and the budget proposals contained in this report are set to deliver against this annual sum.
- 9.2 The focus for 2009/10 and latter years will clearly be to continue to deliver efficiency savings. A systematic approach to identifying and address higher cost services is being embedded through the service planning process and through ongoing work across services on Value for Money. Creating links between this work and the efficiency agenda will enable us to continue to robustly demonstrate and further identify improved efficiency within the organisation. In turn this will enable us to maintain a robust balanced budget and continue to deliver quality services.

10 **Value for Money**

- 10.1 The Council is committed to high levels of spending in certain key "priority" areas to deliver substantial improvements to its community. These include:
- improving standards in Education across the Borough;
 - allocating financial resources to both Children's Services and Adults Services in the medium term with the aim of improving the standard of children and adult care;
 - Delivering a clean, green and sustainable borough;
 - an ambitious and prosperous borough that supports business, jobs and skills;

- Supporting the needs of Customer First, One stop shops, Neighbourhood Management Services and supporting invest to save bids in order to allow fundamental service reviews to be undertaken which would produce efficiencies and cost savings in later years;
- Delivering the One B&D programme which is underpinned by a number of transformational projects to improve customer service and provide greater value for money. These fall under the following key themes:
 - Understanding and meeting the needs of our customers;
 - Developing and supporting staff;
 - Making best use of our assets;
 - Working with our partners.

10.2 The Council has a number of initiatives in place to ensure that value for money (vfm) is achieved across both frontline services, and in support services around:

- Strengthening the strategic understanding of vfm;
- Continuing to improve the reporting of vfm;
- Continuously developing the culture of vfm;
- Developing stronger links between the budget process and vfm.

10.3 A range of planned service reviews are undertaken each year aimed at securing Value for Money. Part of these reviews include subjecting services to a “zero based budgeting” (ZBB) exercise.

10.4 These ZBB exercises will concentrate on measuring the required outputs from a service/function against the required inputs to ensure the outputs are fully delivered. The resulting position is that some services will be identified as either being under or over resourced for their specific purpose.

10.5 This will allow key decisions to be made in future budget processes on the shift and redirection of resources within the Council’s existing base budget. Ultimately, savings may be derived but the key of the exercise is to ensure value for money services are being provided with appropriate outputs for the residents of our Borough and to reallocate resources where they are needed.

11. **Consultation**

11.1 When considering its budget proposals, the Council is required to take into account the views of the local community about its budget.

11.2 A Citizen’s Panel survey was used in the Summer of 2008 to assist with the budget process for 2009/10. The main findings from this survey, which have been used in formulating the Budget for 2009/10 related to:

- Topmost priority for respondents was making the Borough cleaner, greener and safer followed by the improvement of health, housing and social care services.
- The services considered most important were: tackling anti-social behaviour, rubbish collection and street cleaning.

- Residents were generally of the opinion that the Council gives residents good value for money.
- Residents would be happy to see the Council spending more money on tackling anti-social behaviour.

11.3 Scrutiny Management Board met on 11 February to consider the proposed budget options included in this report. A verbal update on the relevant discussions will be available as necessary for this Executive meeting.

Consultees

Executive

Scrutiny Management Board

Corporate Management Team

Departmental Management Teams

Group Managers – Corporate Finance

Background Papers

Information from Office for Deputy Prime Minister

Budget working papers

Reports to Member bodies

**REVENUE BUDGET PROPOSALS 17 FEBRUARY 2009
SUMMARY OF REVENUE BUDGET CHANGES**

APPENDIX A

	2009/10 £000s	2010/11 £000s	2011/12 £000s
Increase in Base Budget 2009/10 (inflation, grant changes, transfers from reserves, but excluding schools budget increase)	5,082		
Council Services			
Adult & Community Services	-3,250	-4,583	-5,883
Children's Services	1,670	659	-341
Customer Services	-2,025	-1,925	-1,825
Resources	-1,075	-1,125	-1,125
Other Corporate	3,831	9,420	13,780
Sub - total Council services	<u>-849</u>	<u>2,446</u>	<u>4,606</u>
Protected Services			
Schools	6,250	12,058	17,956
Sub - total Protected services	<u>6,250</u>	<u>12,058</u>	<u>17,956</u>
Net effect on budget of Executive Proposals	5,401	14,504	22,562
Increase in Service Budget and Budget Requirement	<u>10,483</u>	<u>14,504</u>	<u>22,562</u>
Less Additional Resources available			
Movement in Collection Fund Deficit (£0.443m 2008/09 to £0.412m 2009/10)	31		
Increase in Formula Grant and Dedicated Schools Grant	10,352		
Change in Council Tax base (from 51,429 to 51527.5)	100		
Sub -Total Additional resources	<u>10,483</u>		
To be met from Council Tax	0		
Increase in LBBB Council Tax (£)	£ -		
Increase in LBBB Council Tax (%)	0.00%		
Increase in GLA precept	£ -		
Increase in GLA precept (%)	0.00%		
Overall Increase in Council Tax (%)	0.00%		

REVENUE BUDGET PROPOSALS 17 FEBRUARY 2009

APPENDIX A (i)

ADULTS AND COMMUNITY SERVICES REVENUE BUDGET

Reference	Options	2009/10 £000s	2010/11 £000s	2011/12 £000s
<u>Pressures</u>				
1P	Transition of clients from Children's to Adults	500	500	500
2P	Dementia Services - Residential day care services	250	500	500
3P	Summer Sorted	30	30	30
Pressures Sub Total		780	1,030	1,030

REVENUE BUDGET PROPOSALS 17 FEBRUARY 2009

APPENDIX A (i)

ADULTS AND COMMUNITY SERVICES REVENUE BUDGET

Reference	Options	2009/10 £000s	2010/11 £000s	2011/12 £000s
<u>Savings</u>				
1S	Libraries - general costs and staff review	200	300	450
2S	Income from Charging	125	225	275
3S	Contracted/Commissioned Services	1,185	1,560	1,935
4S	Equalities and Diversity team restructure	100	100	100
5S	Administrative staffing reductions	112	475	575
6S	Inflation - Reduction of 1.25% in passporting provision to providers	438	638	838
7S	Staffing - General reduction in posts (5%)	525	800	1,075
8S	Contributions from Partners for common services and outcomes	315	465	565
9S	Cessation and reprovision of Transport Contract	200	200	200
10S	Review of Neighbourhood Management Services	250	250	250
11S	Administrative Support	50	50	50
12S	Leisure Centres - overtime & T&C review	300	300	300
13S	Income generation - events and swimming	100	100	100
14S	Parks Development Review	50	50	50
15S	Broadway Theatre - R&M Provision	50	50	50
16S	Nursery - income/partnering	30	50	100
Savings Sub Total		4,030	5,613	6,913

NET REDUCTION IN BUDGETS

- 3,250 - 4,583 - 5,883

CHILDREN'S SERVICES REVENUE BUDGET

Reference	Options	2009/10 £000s	2010/11 £000s	2011/12 £000s
<u>Pressures</u> 4P	Care Placements and Leaving Care	3,500	2,500	1,500
Pressures Sub Total		3,500	2,500	1,500

REVENUE BUDGET PROPOSALS 17 FEBRUARY 2009

APPENDIX A (i)

CHILDREN'S SERVICES REVENUE BUDGET

Reference	Options	2009/10 £000s	2010/11 £000s	2011/12 £000s
<u>Savings</u>				
17S	Review of Administration	92	100	100
18S	Posts to be funded by Grant	48	50	50
19S	Increased Income target	40	40	40
20S	Youth Commissioning	100	100	100
21S	Trewern - review income generation targets	26	26	26
22S	Community Music Service - review of income generation targets	81	81	81
23S	Advisory Teachers	100	100	100
24S	Children's Support IT	59	59	59
25S	LACHES (Looked After Children - Health and Education Support) Restrict LACHES service to those elements of direct educational support for children in Schools	284	284	284
26S	Family Group Conferencing service	95	95	95
27S	Participation service	55	55	55
28S	Children and Family Centre	90	90	90
29S	Educational Psychology Service	300	300	300
30S	Emergency Duty Team	60	60	60
31S	Assessment Service	80	80	80
32S	Children in Need Reviewing Service - deletion of service	106	106	106
33S	Behaviour Education Support Team	45	45	45
34S	Leaving Care Team	69	70	70
35S	B&D TS and Adult College Merger	100	100	100
Savings Sub Total		1,830	1,841	1,841
NET INCREASE IN BUDGETS		1,670	659	-341

REVENUE BUDGET PROPOSALS 17 FEBRUARY 2009

APPENDIX A (i)

CUSTOMER SERVICES REVENUE BUDGET

Reference	Service	Options	2009/10 £000s	2010/11 £000s	2011/12 £000s
<u>Pressures</u>					
5P		Replacement of plant and fleet used by Grounds Maintenance	190	190	190
6P		Replacement of fleet for delivery of refuse, street cleansing, environment health and highways	130	130	130
7P		Housing Advice Service	300	400	500
8P		Waste Management Strategy	375	375	375
Pressures Sub Total			995	1,095	1,195

REVENUE BUDGET PROPOSALS 17 FEBRUARY 2009

APPENDIX A (i)

CUSTOMER SERVICES REVENUE BUDGET

Reference	Service	Options	2009/10 £000s	2010/11 £000s	2011/12 £000s
<u>Savings</u>					
36S		Improve Academy functionality with Anite	35	35	35
37S		Staff Reduction through Business Process Re-engineering of Services	625	625	625
38S		Increase income generation by Registrars	25	25	25
39S		Merge management of Cemeteries with Registrars	20	20	20
40S		Review opening times of Barking OSS/Reduction in staff	25	25	25
41S		Reduction in Overtime across Environment & Enforcement Services	100	100	100
42S		Increase income generation by Ground Maintenance, Cleaning & Highway Maintenance	700	700	700
43S		Supplies & Services - all Services	430	430	430
44S		Rationalisation of Customer Services Establishment	370	370	370
45S		Rationalisation of Administrative and Business Support	595	595	595
46S		Service Charges	75	75	75
47S		Divisional management	20	20	20
Savings Sub Total			3,020	3,020	3,020

NET REDUCTION IN BUDGETS

-2,025 **-1,925** **-1,825**

REVENUE BUDGET PROPOSALS 17 FEBRUARY 2009

APPENDIX A (i)

RESOURCES REVENUE BUDGET

Reference	Options	2009/10 £000s	2010/11 £000s	2011/12 £000s
<u>Pressures</u>				
9P	Local Land Charges	220	250	250
10P	Rental Income	220	275	275
	Pressures Sub Total	440	525	525
<u>Invest to Save</u>				
1IS	Partnering arrangements	400	400	400
2IS	Strategic Procurement	100	100	100
	Invest to Save Sub Total	500	500	500

REVENUE BUDGET PROPOSALS 17 FEBRUARY 2009

APPENDIX A (i)

RESOURCES REVENUE BUDGET

Reference	Options	2009/10 £000s	2010/11 £000s	2011/12 £000s
<u>Savings</u>				
48S	Corporate Finance - Review of Structure	150	150	150
49S	Human Resources	225	225	225
50S	IT - Review of Staffing	500	500	500
51S	Democratic Services Officers	120	120	120
52S	Facilities Management	25	25	25
53S	Communications	80	80	80
54S	Policy	40	40	40
55S	Supplies & Services	235	260	260
56S	Administrative Support	50	50	50
57S	Car Parking charges for staff	100	100	100
58S	Spatial Regeneration - staffing & supplies & services	250	350	350
59S	Spatial Regeneration - income generation	240	250	250

Savings Sub Total

2,015 2,150 2,150

NET REDUCTION IN BUDGETS

-1075 -1125 -1125

REVENUE BUDGET PROPOSALS 17 FEBRUARY 2009

APPENDIX A (i)

**EDUCATION REVENUE BUDGET (SCHOOLS)
FUNDING DEVOLVED TO SCHOOLS WITHIN THE DSG**

Reference	Options	2009/10	2010/11	2011/12
1Sc	Adjustment to remove one-off allocations funded from DSG brought forward from 2007/08	-745	-745	-745
2Sc	Schools Budget Minimum Funding Guarantee	4,664	9,300	14,000
3Sc				
4Sc	Early Years Private, Voluntary and Independent Providers Headroom delegated to schools to meet the Central Expenditure Limit and to cover additional inflationary pressures, 14-16 diplomas, personalisation and other priorities	123	150	175
		1,631	2,000	2,500
	Additional Funding to individual schools Sub Total	5,673	10,705	15,930
	RETAINED FUNDING WITHIN THE DSG			
5Sc	Adjustment to remove one-off allocations funded from DSG brought forward from 2007/09	-374	-374	-374
6Sc	Inflationary increases on retained budgets	343	700	1000
7Sc	Further pressures within the retained DSG up to the Central Expenditure Limit	608	1027	1400
	Sub-Total Other Increased support for Schools	577	1,353	2,026
	OVERALL OPTIONS FOR SCHOOLS TOTAL	6,250	12,058	17,956
	Less Inflation areas	3,800	7,600	11,400
	OVERALL OPTIONS FOR SCHOOLS TOTAL (excluding inflation)	2,450	4,458	6,556

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APPENDIX B(i)

Pressure and Invest to Save Proposals 2009/2010 - All Council Services (excluding schools)

<u>No.</u>	<u>Proposed Pressures</u>	<u>Adults & Community £'000</u>	<u>Children's Services £'000</u>	<u>Customer Services £'000</u>	<u>Resources £'000</u>	<u>Corporate £'000</u>	<u>Proposed Total £'000</u>
1P	Transition of clients from Children's to Adults	500					500
2P	Dementia Services - Residential day care services	250					250
3P	Summer Sorted	30					30
4P	Care Placements and Leaving Care		3,500				3500
5P	Replacement of plant and fleet used by Grounds Maintenance			190			190
6P	Replacement of fleet for delivery of refuse, street cleansing, environment health and highways			130			130
7P	Housing Advice Service			300			300
8P	Waste Management Strategy			375			375
9P	Local Land Charges				220		220
10P	Rental Income				220		220
11P	Energy Costs					800	800
Pressures Total		780	3,500	995	440	800	6,515

APPENDIX B(i)

Pressure and Invest to Save Proposals 2008/2009 - All Council Services (excluding schools)

<u>No.</u>	<u>Proposed Invest to Save</u>	<u>Adults & Community £'000</u>	<u>Children's Services £'000</u>	<u>Customer Services £'000</u>	<u>Resources £'000</u>	<u>Corporate £'000</u>	<u>Proposed Total £'000</u>
1IS	Partnering arrangements				400		400
2IS	Strategic Procurement				100		100
	Invest to Save Total	-	-	-	500	-	500
	Overall Total of Service increases	780	3,500	995	940	800	7,015

APPENDIX B (ii)

Savings Proposals 2009/2010 - All Council Services (excluding schools)

	<u>Adults & Community</u> <u>£'000</u>	<u>Children's Services</u> <u>£'000</u>	<u>Customer Services</u> <u>£'000</u>	<u>Resources</u> <u>£'000</u>	<u>Corporate</u> <u>£'000</u>	<u>Proposed Total</u> <u>£'000</u>
<u>No.</u>						
1S	200					200
2S	125					125
3S	1,185					1,185
4S	100					100
5S	112					112
6S	438					438
7S	525					525
8S	315					315
9S						
10S	200					200
11S	50					50
12S	300					300
13S	100					100
14S	50					50
15S	50					50
16S	30					30
17S						92
18S						48
19S						40
20S						100
21S						26
22S						81

APPENDIX B (ii)

Savings Proposals 2009/2010 - All Council Services (excluding schools)

No.	Proposed Savings	Adults & Community £'000	Children's Services £'000	Customer Services £'000	Resources £'000	Corporate £'000	Proposed Total £'000
23S	Advisory Teachers		100				100
24S	Children's Support IT		59				59
25S	LACHES (Looked After Children - Health and Educational Support) Restrict LACHES service to those elements of direct educational support for Children in Schools		284				284
26S	Family Group Conferencing service		95				95
27S	Participation service		55				55
28S	Children and Family Centre		90				90
29S	Educational Psychology Service		300				300
30S	Emergency Duty team		60				60
31S	Assessment Service		80				80
32S	Children in Need Reviewing Service - deletion of service		106				106
33S	Behaviour Education Support Team		45				45
34S	Leaving Care team		69				69
35S	B&D TS and Adult College Merger		100				100
36S	Improve Academy functionality with Anite			35			35
37S	Staff Reduction through Business Process Re-engineering of Services			625			625
38S	Increase income generation by Registrars			25			25
39S	Merge management of Cemeteries with Registrars			20			20
40S	Review opening times of barking OSS/Reduction in staff			25			25
41S	Reduction in overtime across Environment & Enforcement Services			100			100
42S	Increase income generation by Ground Maintenance, Cleaning & Highway Maintenance			700			700
43S	Supplies & Services - all Services			430			430
44S	Rationalisation of Customer Services Establishment			370			370
45S	Rationalisation of Administrative and Business Support			595			595

APPENDIX B (ii)

Savings Proposals 2009/2010 - All Council Services (excluding schools)

No.	Proposed Savings	Adults & Community £'000	Children's Services £'000	Customer Services £'000	Resources £'000	Corporate £'000	Proposed Total £'000
46S	Service Charges		75				75
47S	Divisional management		20				20
48S	Corporate Finance - Review of Structure				150		150
49S	Human Resources				225		225
50S	IT - Review of Staffing				500		500
51S	Democratic Services Officers				120		120
52S	Facilities management				25		25
53S	Communications				80		80
54S	Policy				40		40
55S	Supplies & Services				235		235
56S	Administrative Support				50		50
57S	Car Parking charges for staff				100		100
58S	Spatial Regeneration - staffing & supplies & services				240		240
59S	Spatial regeneration - income generation				250		250
60S	Streamlining of senior management					1,100	1,100
61S	Borough newspaper					75	75
62S	Review of Essential Car Users Allowance					300	300
	Savings Total	4,030	1,830	3,020	2,015	1,475	12,370

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2009/10 BUDGET PRESSURES – ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

ADULT & COMMUNITY SERVICES DEPARTMENT

1P Transition of clients from Children's to Adults – £500,000

As children become adults the funding for the packages of care and support transfer from the Children's Services Department to the Adult and Community Services Department. This year this transition will place major pressures on the adult social care budget as the numbers coming through transition and the size of the packages are significant.

Year on year we are seeing more young people who at the end of their childhood still require adult services. These young people have been previously in secure children's care accommodation or other accommodation for care leavers – and many of these young people present with multiple complex needs. Several young people have attendant severe challenging behaviour and warrant extensive supervision in staffed environments.

Children's Services has seen a significant increase in the number of children and young people placed in Private and Voluntary residential establishments, with current numbers in the region of 150 +, this figure represents a near trebling from 5 years ago. It is inevitable that as these children and young people reach 18 a significant number of them will become the responsibility of Adult Services, for which no additional budget provision exists.

2P Dementia Services – Residential day care services – £250,000

Responding to dementia and the subsequent care needs represents one of the biggest pressures on the Adult Care and the Council's budgets, and one that is likely to increase. Adult Care budgets are under pressure to respond to the demands for services from this category of service user, largely over 85 years old. Dementia costs the UK economy £17 billion a year, and in the next 30 years the number of people with dementia in the UK is expected to double to 1.4 million, with the costs trebling to over £50 billion a year.

The Council and the PCT undertook a Health Equity Audit of Dementia Services in the Borough in 2007 to lay the foundations for developing future health and social care dementia services in the borough. This demonstrated the need for improved community based interventions to prevent institutionalised, high cost admissions.

Resources are required to deal with current pressures in dementia services' that will prevent high cost alternate care services.

**2009/10 BUDGET PRESSURES – ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)**

It is estimated that there are 1700 people with dementia in Barking and Dagenham, with **650 new cases per year**. At present a total of 462 people in the Borough are thought to be in receipt of social care services for dementia; 145 of who live in a care home. Based on national average costings, it is estimated that the annual costs of dementia care in Barking and Dagenham are £6.5 million for social services.

3P Summer Sorted - £30,000

Is the Borough's summer activities programme for children and young people. A range of activities and events are organised by both council departments and external organisations. Additional Council funding is required to support this ongoing annual programme.

Sub-total Adult & Community Services Department £780,000

CHILDREN'S SERVICES DEPARTMENT

4P Care Placements and Leaving Care - £3,500,000

There has been a shortfall in the budget for children's placements and leaving care for some time. The contributing factors to the growth in costs have included:

- a. reducing numbers of in-house foster carers, due to poor practice and retirements;
- b. growing numbers of private and voluntary placements (both for fostering and residential care);
- c. increasing statutory responsibilities for young people leaving care between the ages of 18 and 21;
- d. growing numbers of children continuing to attract (smaller) payments for Special Guardianship and Adoption Allowances, even while they cease to be "Looked After Children"; and
- e. growth in the overall numbers of children in the borough.

Investment in preventative measures has begun in 2008/09 and the expected impact of this has been factored into the projections for 2009/10 onwards. There is a greater focus on:

1. increasing numbers of in-house carers, with a consequent reduction in the reliance on private and voluntary providers;
2. ensuring that Children in Need cases are effectively managed and backlogs are not built up;
3. initiatives to support individual families in crisis to avoid the need for the children to come into care in the first place.

2009/10 BUDGET PRESSURES – ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

Forecasts of likely numbers in each category of provision have been obtained through:

- a review of the care profile for every Looked After Child for the next three years;
- historic trends on monthly admissions, abated by the expected impact of investment in preventative measures;
- expected numbers of in-house foster carers;
- likely levels of activity for placements of children who are not technically looked after (ie Special Guardianship, Adoption Allowances, Leaving Care, Children with Disabilities etc).

The additional resources for this area are £3,000,000 for Children's care placements and £500,000 for invest to save measures to become part of the ongoing base budget to maintain the preventative investment to support reducing overall costs of care placements.

Sub-total Children's Services Department

£3,500,000

CUSTOMER SERVICES DEPARTMENT

5P Replacement of plant and fleet used by Grounds Maintenance - £190,000

The most cost effective way of replacing fleet and plant vehicles that we own is to lease them rather than purchasing new ones.

29 of the owned items of plant and vehicles have or will have reached the end of their serviceable life between now and 2012. Of these 29 vehicles the majority are already past their serviceable lives but we have no option other than to use them on a daily basis. This is affecting both the operation and our ability to improve performance and provide a value for money service. This pressure bid is essential if we are to maintain the current level of service delivery and performance.

6P Replacement of fleet for delivery of refuse, street cleansing, environment health and highways - £130,000

The most cost effective way of replacing fleet vehicles that we own is to lease them rather than purchasing new ones.

**2009/10 BUDGET PRESSURES – ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)**

13 of the vehicles used in the delivery of refuse, street cleansing , environmental health and highways are owned outright but have or will have reached the end of their serviceable lives between now and 2012. Of these 15 vehicles 11 are already past their serviceable lives but we have no option other than to use them on a daily basis. This is affecting both the operation and our ability to improve performance and provide a value for money service. This pressure bid is essential if we are to maintain the current level of service delivery throughout the Council and support services to modernise and improve.

7P Housing Advice Service – £300,000

As part of the review of the Private Sector Leasing Scheme there is a need for additional funding to support the hand back charges policy (£150k) and the net effect of payments for private sector leasing and the income attributable to this area (£150k).

8P Waste Management Strategy - £375,000

The implementation of a borough-wide wheelie bin scheme will require an increase in the net budget for this service to ensure it is fully funded. The annual costs relate to borrowing costs for equipment of £185k, staffing £320k and maintenance costs for vehicles and replacement bins of £50k. This additional cost of £555k is offset by savings in the non supply of black bags (£120k) and efficiencies within the Environmental & Enforcement Service (£60k) giving a net increase in resources of £375k.

Sub-total Customer Services Department

£995,000

RESOURCES DEPARTMENT

9P Local Land Charges - £220,000

With the downturn in the housing market, the sale of properties has reduced considerably over the last year with the knock on impact of a fewer number of searches required. Coupled with the switch in searches to the lower fee level of personal searches this has meant that the income budget in this area needs to be amended accordingly to reflect the overall income generation now expected.

2009/10 BUDGET PRESSURES – ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

10P Rental Income - £220,000

Physical regeneration and alternative use of sites in the borough which were generating income for the council have resulted in rental income falling. The Creek Road property is now being used by the in house transportation service meaning that the income can not be generated. The former site occupied by the transportation unit has been sold as part of Disposal Programme resulting in a loss of rental income of £36,000 p.a.

The dust bin factory at the Lintons will be included in the redevelopment of the Lintons/William St Quarter and the rental income lost £22,000.

80 East Street is due to be demolished to facilitate a regeneration scheme - £79,000. Budgets for both the industrial properties and the miscellaneous properties have been inflated to over the maximum rent that can be achieved by £23,000 and £43,000 respectively due to differences between the inflation rate used to budget and changes in the rental market. Other, minor rental income variances total £17k.

Sub-total Resources Department £440,000

CORPORATE

11P Energy Costs - £800,000

The price of gas and electricity charged by suppliers has increased significantly in the last 2 years even after the use of consortium-led purchasing for our sites which are high energy users to minimize these rates. Automatic meter reading systems, green champions and voltage optimizers are some of the actions in place to reduce energy consumption but there remains significant pressure on energy budgets across the council covering our corporate accommodation, street lighting, leisure centres, etc.

Sub total Corporate £800,000

OVERALL PRESSURES TOTAL £6,515,000

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BUDGET OPTIONS FOR INVEST TO SAVE**RESOURCES DEPARTMENT****1IS Partnering arrangements - £400,000**

An investment of £400,000 is required to carry out investigative work around partnering arrangements for back office, support services, primarily around ICT and transactional Human Resources and Finance services.

Support will also be needed to develop partnering arrangements both for the leisure service and the capital delivery service.

It will be vital for the Council to market test certain services to ensure that value for money is being realised. Options for alternative service delivery could generate significant savings both for the revenue budget and the capital programme, which enables resources to be re-allocated to priority areas.

There is a strong track record of successful partnering arrangements in local government particularly around back office and transactional functions. As an estimate, partnering arrangements can typically save between 10% and 15% of controllable budgets.

2IS Strategic Procurement - £100,000

Independent research has shown that properly applied, good procurement practice can deliver between 2% and 4% in savings. Current influencable spend within the Council is approximately £180M of which some 28% is on contract. Much of the remainder is ad-hoc spend with little or no competitive procurement practice employed. Additional procurement resources should help to lever savings from this spend.

Major areas of uncontrolled expenditure will be identified, for example the Council currently spends large sums on consultancy services and bought in training with little or no control as to how this is achieved, and work will be undertaken with service users to look at ways to aggregate demands and achieve the benefits of economies of scale to reduce expenditure and bring about efficiency of process.

There will also be involvement in the renewal and review of existing contracts to ensure that best procurement practice is employed in order to ensure compliant, VFM contracts are set in place.

Sub-Total Resources Department £500,000

OVERALL INVEST TO SAVE BIDS TOTAL £500,000

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2009/10 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

ADULTS & COMMUNITY SERVICES DEPARTMENT

1S Libraries – General costs and staff review - £200,000

Salaries - Delete P/T SO1 Community Librarian post - £29k
 Delete Sc3 Library Assistant post- £22k
 Delete P/T Sc2 Libraries Admin Officer post- £12k
 Delete PO1 Senior Librarian post- £38k

Transport budget - Reduce by £1k

Supplies & Services – Reduce libraries materials fund by £93k
 Reduce stationery budget by £5k

2S Income from Charging - £125,000

- Meals on Wheels - price increase on meals £30k, amounting to approx 30p increase, still leaving a subsidy on each meal of over a pound.
- Home care – £60k in additional income from full paying clients (ie those receiving a service with in excess of £22,500 in personal savings, which is approximately 50 service users).
- Day care Charges to Other Local Authorities who place clients in our facilities – £35k.

3S Contracted/Commissioned Services - £1,185,000

This option seeks to achieve efficiency gains through contract variation and re-tendering. It aims to protect services delivered to residents but will require providers to find efficiency savings and /or provide services in different ways. The changes being sought from commissioned services reflect the policy direction set out by the Government in “Putting People First” to achieve a transformational change in delivery mechanisms that will see at least 30% of all service users with self-directed care in place by 2011. This is borne out by local consultation with users who all indicate they would welcome a greater say in both what care is provided and how it is provided to them.

We will save £885k principally reviewing Disablement Association of Barking and Dagenham (DABD) Outlook Care, Age Concern contracts. It is anticipated this will be split accordingly, but this may vary slightly subject to final negotiations:

DABD £150k Outlook Care £300k Age Concern £150k Other £285k

2009/10 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

We will also save £300k through recommissioning services to Homeless households and young people services provided by in-house and external providers. Several contracts end this financial year and complimentary to this proposal the Foyer opens later in 2008-09.

Savings are through getting greater value for money by tendering or negotiation, or through decommissioning services no longer required.

4S Equalities and Diversity team restructure - £100,000

Delete E&D officers x 2 @ PO4: £93k and reduce Supplies and Services budget: £7k.

This option will require a refocusing of the team's work and will require a new approach to equalities and diversity work. It is planned to achieve this by merging this small team with the community development function in the same division.

5S Administrative staffing reductions – £112,000

The deletion of 4 administrative support posts at a gross cost of £28k each. These savings can be achieved by redesigning work processes.

6S Inflation – Reduction of 1.25% in passporting provision to providers - £438,000

1.25% reduction in inflation to providers allocated in budget process across the following areas:- Estimated gross total value £35m

- Older persons residential/nursing
- Older Persons external care packages
- Physical Disability external packages
- Physical Disability residential/nursing
- Learning Disability residential nursing and external packages.
- Other commissioned services / contracts not detailed
- Individual budgets across all client groups

This option will require all providers to find cash releasing efficiency savings. The reduction shown is an average saving as the amounts for each provider will be subject to contractual commitments and negotiations.

2009/10 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

7S Staffing – General reduction in posts (5%) - £525,000

A reduction of 1 in 20 posts (5%) across teams and services (apart from areas subject to other specific savings, or previous large reviews, such as Home Care, Transport, and also excludes LBB Residential and Day Care Buildings based services) is proposed.

Current calculations suggest a reduction of 17.5 posts and a saving of £525,000.

All managers will be expected to carry out business process reviews in order to achieve reductions without adverse effects on front line services.

8S Contributions from Partners for common services and outcomes - £315,000

Additional support will be sought from the PCT and Partners for services delivered at the partnerships interfaces particularly in Social Care and Health Care – Full engagement in the CSP/PCT process will occur annually and as appropriate with other Partners. We will also actively submit bids to central government (Department of Health Ministry of Justice, Home Office etc) for pilot initiatives that can support planned service delivery. Joint work will also be undertaken with partners to review joint working and release savings for all agencies. It is anticipated that £315k of savings can be achieved.

9S Cessation and reprovision of Transport Contract - £200,000

Three year contract with Northgate Kendric Ash (NKA) ends in March 2009. This is costing £290k per year.

Group Manager post has been recruited to mid-year 2008-09 to ensure sustainability moving forward at cost of c£60k.

Additional management capacity has also been required to ensure improved oversight of operations and efficient use of own fleet instead of relying on external taxi provision. Cost c£30k.

Moving forward there will be an estimated net saving overall of £200k. There is no loss of posts or reduction in service as a result of this exercise.

10S Review of Neighbourhood Management Service - £250,000

Following the launch of this service and the initial pump priming costs it is possible to review the ongoing annual costs of the service. There will be a review of management and administrative staffing costs as well as supplies and services to generate the required saving of £250k, which equates to around 18% of the current gross cost of the service.

2009/10 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

11S Administrative Support - £50,000

The savings will be achieved during 2009/2010 by gaining staffing efficiencies arising from the review of departmental business support and administration. Initially these will be achieved by reviewing the level of staff engaged departmentally in the provision of business support; secretarial; and administration throughout the department. The review will result in fewer staff resources engaged in the department.

12S Leisure Centres – overtime & T&C review - £300,000

Reduction in overtime –currently £12,000 a month – can be achieved by filling posts – particularly 2 posts where staff are undertaking other roles (£50,000)

Review of terms and conditions of staff – identified as key issue during the leisure review – staff are paid enhancements and special rates over and above industry norms – negotiations will be required with the trade unions and staff. Initially there will be a need to complete a detailed review of payments to staff and current working arrangements – there maybe scope for an interim arrangement where some working arrangements are changed e.g. development of flat rate overtime.

13S Income generation – events and swimming - £100,000

Increase in income from additional events and expansion of a swimming development programme.

14S Parks Development Review - £50,000

Reduction in parks development programme – reduction in costs including staffing and operational budgets.

15S Broadway Theatre – R&M Provision - £50,000

Reduction in repairs and maintenance budget for Broadway – cost of future maintenance budget to be based on levels of repair required over the next three years following condition survey.

16S Nursery – income/partnering - £30,000

This relates to the generation of additional income and development of new management arrangements which will increase capacity.

Sub-Total Adults & Community Services Department

£4,030,000

2009/10 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

CHILDREN'S SERVICES DEPARTMENT

17S Review of Administration - £92,000

- Delete 1 fte scale 5 (£25k) and 1 fte scale 6 (£25 k) in Commissioning
- Recruitment and Retention administrative support (£12k)
- Inspection and Advisory Service administrative support (£14k)
- General administrative support (£16k)

18S Posts to be funded by Grant - £48,000

- 50% of the costs of a PO2 policy officer post will be charged to the Teenage Pregnancy Grant (£18k)
- 50% of the costs of a Group Manager post will be funded from PCT funding (£30k)

19S Increased Income target - £40,000

- Income to be charged for the use of the Vibe (£25k)
- Compass Project Barking College (£15k)

20S Youth Commissioning - £100,000

Bring Community Personal Advisers in house and reduce amount paid for new Careers Contract.

21S Trewern – review income generation targets - £26,000

The Trewern Outdoor Activities Centre continues to increase its levels of income from activities and higher attendance levels. The target of £26,000 represents an increase of around 13%, it is anticipated that this will be met from a combination of increases in fees (level to be decided) and additional income from increased activity.

22S Community Music Service – review income generation targets - £81,000

The Music Service actively promotes and encourages participation in music throughout the borough and in the main provides free peripatetic music tuition to children. The proposal to increase income generation will have to be met from the combination of contributions from schools, parents, external support and increased charges for performance. The proposal represents an increase of 14% of the current year's income target. It is planned to review all current contributions for performance and activities within schools and the community to establish a fair and reasonable fees/price structure that would not have a negative impact on attainment levels and access to all children and families within the community.

2009/10 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

23S Advisory Teachers - £100,000

Deletion or buy-back by schools of two Advisory Teacher posts.

24S Children's Support IT - £59,000

The saving proposed against the Children's Information Technology support will be achieved by a combination of resource savings/income generation and possible reductions in staffing costs. This will be subject to a review of the service delivery to the schools and others services within Children's Services.

25S LACHES (Looked After Children – Health and Education Support) Restrict LACHES service to those elements of direct educational support for children in Schools - £284,000

The service is being scaled down, with the responsibility for the educational elements transferring to the School Improvement Team. This residual element of three posts will be funded by the Dedicated Schools Grant, but 7.5 posts will be deleted and all other costs will be ceased.

See Appendix A(i) attached for further detailed clarification of savings option.

26S Family Group Conferencing service - £95,000

Reduce the service by one-third, which will mean the deletion of 2 full-time co-ordinators & 1 half time Deputy Team Manager post. After the initial roll out of the team the new level of activity will optimise the cost of the prevention work being delivered.

See Appendix A(i) attached for further detailed clarification of savings option.

27S Participation service – £55,000

Efficiency saving by deleting the Children's Rights Manager post and mainstreaming of duties into other posts.

28S Children and Family Centre – £90,000

Delete 2 qualified social worker posts.

29S Educational Psychology Service – £300,000

Scale back the Educational Psychology Service closer to its statutory minimum functions. Detailed implications of this have not yet been established, but it is expected that 5-6 posts may be deleted from the structure as a consequence.

**2009/10 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)**

30S Emergency Duty Team - £60,000

Following review of this team, investigate possible savings through entering joint arrangements with other LAs by the deletion of team manager post.

31S Assessment Service - £80,000

Deletion of 2 family support worker posts in the Assessment team

32S Children in Need Reviewing Service – deletion of service - £106,000

The review of this service provision will allow the deletion of 2 CiNRO posts (PO6).

33S Behaviour Education Support Team – £45,000

The deletion of the post of family support team manager of the Behaviour Education Support Team with streamlining of duties into remainder of service.

34S Leaving Care Team - £69,000

Efficiency savings by the deletion of the DTM post (PO5).

35S B&D TS and Adult College Merger - £100,000

The savings will be achieved during 2009 / 2010 by gaining staffing efficiencies arising from the merger of the Adult College with Barking and Dagenham Training Services. Initially these will be achieved by filling 3 administrative staff and 2 catering staff vacancies at the College with staff from BDTs.

Sub-Total Children's Services Department £1,830,000

CUSTOMER SERVICES DEPARTMENT

36S Improve Academy functionality with Anite - £35,000

The total saving from this initiative is £75k. £40k was removed from 2008/09 budget leaving a further £35k to be taken from 2009/10. The saving come from a reduction of 3 posts, 2 at scale 5/6 and 1 at scale 3 from the Pupil/student Services Team in Revenue and Benefits.

2009/10 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

37S Staff Reduction through Business Process Re-engineering of Services - £625,000

Staff costs and reduction in system costs where applications are reduced. At this stage the savings are most likely to be staff costs. BPR is to be carried in the 4 following areas:

1. Member's complaints and resident customer feedback – reduction in staff supervisory posts through collapsing tell-us, members and complaints into a single team within B&D Direct – 3 posts estimated.
2. Council Tax – reduction in staff through reducing handoffs between the B&D Direct team and the revenues team 3 posts estimated.
3. Housing Advice service – through making more efficient use of B&D Direct services – reduction in handoffs to the service, and better use of OSS face to face services – 3 posts estimated.
4. Streetscene – through reduction in staff handling follow-ups, more self service reporting & tracking on-line and reduced repeat calls due to service failure and insufficient information at B&D Direct - 3 posts estimated.

38S Increase income generation by Registrars - £25,000

Increase in revenue for this service.

39S Merge management of Cemeteries with Registrars - £20,000

2 posts reduced to part time.

40S Review opening times of Barking OSS/Reduction in staff - £25,000

Deletion of 1 X Customer Services Officer

41S Reduction in Overtime across Environment & Enforcement Services - £100,000

Reorganisation of work activities allowing a reduced reliance on overtime in Environmental and Enforcement Services. This saving will reduce overtime of Street Cleaning by £50,000, Highways Reactive Maintenance, £20,000 graffiti clearance £10,000 and Parks maintenance £20,000.

42S Increase income generation by Ground Maintenance, Cleaning & Highway Maintenance - £700,000

This saving is to be generated by ensuring these services are appropriately recharged to the Housing Revenue Account.

2009/10 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

43S Supplies & Services – all Services - £430,000

As part of the reduction in posts through BPR and the rationalisation of the establishment it is reasonable to expect savings on general running costs. The Department has reviewed its spending on supplies and services and set the Divisions target savings to be achieved from these budgets.

44S Rationalisation of Customer Services Establishment - £370,000

The Department is conducting a review of all services in order to measure service delivery alongside detailed costings. This is to assist management identify potential savings achievable through service delivery options. This work would be done alongside the BPR programme and will identify long term vacant posts that can be deleted from the establishment.

Initial indications suggest that the vacant posts (and natural wastage) will make up the savings. It is estimated that 18-20 FTE's will be required to meet the target, although it is too early in the process to provide any further details on where exactly this will be achieved.

45S Rationalisation of Administrative and Business Support - £595,000

A fundamental review of all of this support will be undertaken across the Department.

46S Service Charges - £75,000

Staff efficiency savings will arise by moving to annual billing of leaseholder service charges.

47S Divisional management - £20,000

Salary for the Head of Housing Strategy (CO grade) – GF element only £20,000 when the Local Housing Company is formed.

Sub-Total Customer Services Department	<u>£3,020,000</u>
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2009/10 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

RESOURCES DEPARTMENT

48S Corporate Finance – Review of Structure - £150,000

Savings will be generated in the main through reductions in staffing through the deletion of vacant posts and this will primarily be in:

- Accountancy functions
- Accounts payable
- Payroll

49S Human Resources - £225,000

This saving will be made through the overall review of this service but primarily through reducing FTE staffing level from 18 to 12 in a combined and restructured HR Business Support and Recruitment Service and a reduction in staffing posts in Health Safety and Occupational Health.

50S IT – Review of Staffing - £500,000

Savings will be found by reducing the team by 11 posts.

1 x JNC4, 1 x PO10, 2 x PO7, 2 x PO6, 1 x PO5, 2 x SO2, and 2 x SC3.

Posts will be frozen in 2008/9 during which time the structure will be re-evaluated to ensure a sustainable approach for 2009/10 – ensuring a closer alignment of our services to business needs.

51S Democratic Services Officers - £120,000

Deletion of three posts in Democratic Services (2 x PO4; 1 x PO3)

52S Facilities Management - £25,000

Savings in overtime and procurement costs, plus some income.

53S Communications - £80,000

Deletion of two posts:

Junior Press Officer – which will become vacant following reorganisation.
 Internal Communications Officer – current unfilled vacancy.

2009/10 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

54S Policy - £40,000

Deletion of a post of Policy & Partnerships Officer which will become vacant on the departure of the postholder in early December.

55S Supplies & Services - £235,000

Reduction in expenditure across departmental supplies and services (will cover areas such as stationery, publications, equipment, furniture, subscriptions, etc.)

56S Administrative Support - £50,000

The savings will be achieved during 2009/2010 by gaining staffing efficiencies arising from the review of departmental business support and administration. Initially these will be achieved by reviewing the level of staff engaged departmentally in the provision of business support; secretarial; and administration throughout the department. The review will result in fewer staff resources engaged in the department.

57S Car Parking charges for staff - £100,000

Additional income can be achieved from the Council's off street car parks by charging staff.

58S Spatial Regeneration – staffing & supplies & services - £240,000

In the first year 2xSc6-PO1 posts, 1 x PO3 post and 1 x PO6 post, plus £50,000 from supplies and services around economic development and feasibility work.

59S Spatial Regeneration – income generation - £250,000

Additional income generated by recovery of costs of existing staff undertaking preparatory works e.g. master planning, on behalf of the Local Housing Company.

Sub-Total Resources Department

£2,015,000

2009/10 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

CORPORATE

60S Streamlining of senior management - £1,100,000

Arising from the Chief Executive's review of the top three management tiers of the organisation there will be savings of £1,100,000 in a full year to relevant departmental base budgets.

The review means the Council moving to four departments from five departments with the deletion of one Corporate Director post and approximately 16 group manager posts, which will be subject to final review by Directors and the Chief Executive.

61S Borough newspaper - £75,000

Introduction of a borough newspaper with the consequent cessation of Citizen magazine. In addition, savings will be generated across the Council by job adverts and public notices being placed within the newspaper rather than in local external media. The estimated savings are being finalised and will be subject to this exercise.

62S Review of Essential Car Users Allowance - £300,000

A review has been undertaken of staff in receipt of lump sum payments under the essential car users scheme. Proposals have been made on a restricted criteria for qualification for a lump sum payment. Staff who will no longer be eligible will transfer to a casual user allowance.

Sub-Total Corporate	<u>£1,475,000</u>
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<u>OVERALL SAVINGS TOTAL</u>	<u>£12,370,000</u>
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CORPORATE PROPOSALS**INCREASES****1C Reduction in interest on balances £1,500,000**

As a result of the current and future spend on the Council's capital programme, which is supported by Council capital receipts, it has been identified that due to the forecasted reduced level of balances, the Council will see a reduction in the level of interest it will generate on its remaining balances. The calculation also takes into account the recent changes in the interest base rate.

2C Levies - £249,000

The Council contributes to various levying bodies, which are, East London Waste Authority (ELWA), London Pensions Fund Authority, Lee Valley Regional Park Authority and the Environmental Agency. The main increase above is due to the increase for the ELWA levy above inflation and relates mainly to the rising costs of waste disposal including the impact of landfill tax and increases in tonnage and general inflation.

3C Revenue repayments for borrowing - £1,500,000

The Council has a significant investment programme for its infrastructure, assets and new developments. Currently the Council has used self generated capital receipts and external funding to finance the programme. To enable continued investment the Council will now seek to take advantage of "prudential borrowing" to part fund the relevant capital projects. This in turn means that the Council will need to borrow and subsequently will need to make annual repayments to repay loans and to pay interest on those loans. The sum above is allocated to enable the budget to be available for this process.

4C Pension Fund triennial review - £750,000

Every three years the Council's pension fund is reviewed by the Council's actuaries and they look at both the assets and liabilities of the fund. The recommendation of the actuary is that the pension fund employer contributions need to increase to 17% for 2008/09, 18% for 2009/10 and 19% for 2010/11.

5C Review of Contingency, Provisions and Reserves – £507,000

An annual review of the contingency and other provisions is undertaken in the light of current year performance by a thorough assessment of factors which need to be addressed as part of the contingency budget and other provisions required. In addition, as part of the proposed budget for 2009/10 it is intended to make a contribution to general reserves in line with the council's three year financial plan.

OVERALL TOTAL OF CORPORATE PROPOSALS**£4,506,000**

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INCREASED BUDGET OPTIONS FOR SCHOOLS

FUNDING DEVOLVED TO SCHOOLS WITHIN THE DEDICATED SCHOOLS GRANT (DSG)

1Sc Adjustment to remove one-off allocations funded from DSG brought forward from 2007/08 – (£745,000)

Schools Forum agreed to one-off Exceptional Circumstances allocations for 2008/09, which were funded from brought forward monies from the 2007/08 DSG. These were mainly for additional pupil numbers that will now be provided for in the pupil driven element of the Fair Funding formula, funded from the DSG for 2009/10, which will include those pupils counted in January 2009. The whole of the brought forward for 2007/08 was £1.119m and the balance of this will be adjusted from the retained budget in option 5Sc.

2Sc Schools Budget Minimum Funding Guarantee - £4,664,000

The Government's first three-year school funding settlement for 2008/11 includes a basic increase of 2.1% minimum funding guarantee per pupil to individual schools. The changes in pupil numbers between January 2008 and those used in the indicative DSG for 2009/10 in Barking and Dagenham rise by 1.09%. The Minimum Funding Guarantee allocation must be set aside for delegation to schools within the DSG total. This figure is liable to change because it is sensitive to changes in pupil numbers, both overall and between schools.

3Sc Early Years Private, Voluntary and Independent Providers - £123,000

It is expected that there will be some pressure on the budget for Early Years and there will be inflationary increases for payments to providers. The local authority is required to introduce more streamlined arrangements for all early years' settings, whether private, voluntary, independent or maintained. It is unlikely that the authority will be in a position to make significant changes to the arrangements for 2009/10, but a paper on the process to be adopted and the scope of any changes will be put forward to the next meeting of Schools Forum. Currently, there are more pupils in early years, certainly in the maintained sector, and, subject to the pupil count in January 2009, additional funding is expected to be required for additional children for 2009/10. At present, the estimated additional £123k consists of £23k for inflation and £100k for additional children.

4Sc Headroom delegated to schools to meet the Central Expenditure Limit and to cover additional inflationary pressures, 14-16 diplomas, personalisation and other priorities - £1,631,000

The Minimum Funding Guarantee would barely provide a standstill budget for individual schools and the workings of the funding formula would be substantially over-ridden by the absence of any headroom. As retained expenditure within the DSG is subject to the Central Expenditure Limit (CEL), the balance of any funding must be delegated to schools to comply with the School Funding Regulations. School priorities might include 14-16 diplomas or activities relating to personalisation.

INCREASED BUDGET OPTIONS FOR SCHOOLS

£163k of this headroom is calculated to be within the Learning and Skills Council allocation, which must be passed on to schools through the formula. The remaining £1.468m represents 1.2% more funding to schools than the 2.1% per pupil minimum funding guarantee.

Sub-Total Additional Funding to individual schools/nursery settings **£5,673,000**

RETAINED FUNDING WITHIN THE DEDICATED SCHOOLS GRANT (DSG)

5Sc Adjustment to remove one-off allocations funded from DSG brought forward from 2007/08 – (£374,000)

As explained in Option 1Sc in the devolved section above, part of the published DSG for 2008/09 was funded from the £1.119m brought forward DSG from 2007/08. The retained budget needs to be adjusted to remove this one-off funding.

6Sc Inflationary increases on retained budgets - £343,000

This assumes an average 2.5% increase on retained budgets. Inflation in school budgets is covered by the Minimum Funding Guarantee.

7Sc Further pressures within the retained DSG up to the Central Expenditure Limit - £608,000

At this stage, it is expected that there will need to be funding set aside within the retained budget, up to the Central Expenditure Limit. This will include existing pressures on the Catering Budget and possible new pressures arising from in-year additional pupil number increases, which may have knock-on impacts on budgets for special needs, pupils out of school and early years.

Sub-Total Other Increased support for Schools **£ 577,000**

OVERALL INCREASE FOR DEDICATED SCHOOLS GRANT **£ 6,250,000**

CALCULATION OF THE PROPOSED COUNCIL TAX 2009/10

	£'000	Band D Council Tax £	Increase %
BARKING & DAGENHAM			
Base Budget 2009/10	293,660		
Executive Proposals	-849		
Budget Requirement 2009/10	<u>292,811</u>		
Less: Formula Grant	-99,202		
Dedicated Schools Grant	-141,648		
Council Tax Collection Fund Loss	412		
Council Tax Requirement	<u><u>52,373</u></u>		
Council Tax Base	51,527.5	<u>1016.40</u>	
<u>Overall Council Tax - Band D equivalent</u>			
London Borough of Barking & Dagenham		1016.40	0.00%
Greater London Authority		309.82	0.00%
		<u><u>1,326.22</u></u>	0.00%

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APPENDIX I

<u>SUMMARY OF BUDGET PROJECTIONS UP TO 2011/12</u>			
	2009/10	2010/11	2011/12
	£'000	£'000	£'000
BUDGET REQUIREMENT B/F	282,328	292,811	315,139
Pressures/Changes			
Unavoidable	316	320	560
Likely Commitments:			
- Education spending to DSG	6,568	5,808	5,898
- Inflation (All council services excluding schools)	3,480	4,000	4,000
- Impact of Budget decisions – Pressures/Invest to Save	6,515	5,000	4,500
Areas of Potential Concern			
- Corporate	3,474	2,250	1,250
- Other	1,000	2,200	800
Future issues	1,500	2,750	2,250
Total of Pressures/Changes	22,853	22,328	19,258
Less: Impact of Savings (including efficiencies)	12,370	0	0
Revised Budget Requirement	292,811	315,139	334,397
Funding:			
Formula Grant	99,202	102,780	102,780
Dedicated Schools Grant	141,648	147,456	153,354
Council Tax Collection	52,373	52,373	53,943
Collection Fund Deficit	(412)	(470)	(280)
Total Funding	292,811	302,139	309,797
Council Tax Base (1)	51,528	51,528	51,528
LBBB Council Tax (2)	1016.40	1,062.40	1,046.90
GLA Precept (3)	309.82	319.11	328.68
Total	1326.22	1,335.51	1,375.58
Overall change	0%	0.70%	3.00%
Funding Gap to be met by savings/efficiencies/ /invest to save/use of reserves/review of growth/ level of Council Tax	0	13,000	24,600
Notes			
1. Assumes a nil increase in the Council Tax base for 2010/11 and 2011/12			
2. Assumes a 0% increase in Council Tax in 2010/11 and 3% increase in 2011/12			
3. Assumes a 3% increase for both 2010/11 and 2011/12.			

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**2010/11 AND 2011/12 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)**

NB. FIGURES ARE INDICATIVE AT THIS STAGE

ADULTS & COMMUNITY SERVICES DEPARTMENT

1S Passenger Transport - £250,000

Further to the recent work undertaken on reviewing this service there is now the option to explore market testing of the service either for outsourcing or to generate further efficiencies.

2S Contracted/Commissioned Services - £750,000

This option seeks to continue to achieve efficiency gains through contract variation and re-tendering. It aims to protect services delivered to residents but will require providers to find efficiency savings and /or provide services in different ways.

Savings are through getting greater value for money by tendering or negotiation, or through decommissioning services no longer required.

3S Inflation – Reduction of 1.25% in passporting provision to providers - £400,000

1.25% reduction in inflation to providers allocated in budget process across the following areas: Estimated gross total value £35m

- Older persons residential/nursing
- Older Persons external care packages
- Physical Disability external packages
- Physical Disability residential/nursing
- Learning Disability residential nursing and external packages.
- Other commissioned services / contracts not detailed
- Individual budgets across all client groups

This option will require all providers to find cash releasing efficiency savings
The reduction shown is an average saving as the amounts for each provider will be subject to contractual commitments and negotiations.

4S Staffing – General reduction in posts (5%) - £550,000

A reduction of 1 in 20 posts (5%) across teams and services (apart from areas subject to other specific savings, or previous large reviews, such as Home Care, Transport, and also excludes LBBD Residential and Day Care Buildings based services) is proposed.

Current calculations suggest a reduction of around 18 posts and a saving of £550,000.

**2010/11 AND 2011/12 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)**

NB. FIGURES ARE INDICATIVE AT THIS STAGE

All managers will be expected to carry out business process reviews in order to achieve reductions without adverse effects on front line services.

5S Leisure Service - £300,000

Market testing of the operation of the leisure centres to an alternative provider will be considered during the remainder of 2008 and during 2009/10 to improve the cost effectiveness of the service by potential savings on operational costs, NNDR, VAT and generating further income.

Sub-Total Adults & Community Services Department £2,250,000

CHILDREN'S SERVICES DEPARTMENT

6S Staffing Reviews - £1,000,000

Children's Services principal mechanism for delivering savings in later years will be through scaling down the workforce, reconfiguring services to operate more efficiently, or with a narrower scope. This will involve a fundamental review of how services are delivered, ensuring that the balance between universal and targeted services is appropriate, but recognising that current inputs into services have to reduce. In assessing how best to deal with this, the themes that will be at the forefront of thinking will include:

- Ensuring that all schools, voluntary agencies, health and other partners are working together as part of the **Children's Trust**, narrowing the gap in achievement and opportunity, getting into the top quartile on performance and achieving Local Area Agreement Targets;
- Managing the implications of the issues raised in the **Staying Safe Green Paper**;
- Accelerating the developments associated with **Early Years**;
- Recognising the overwhelming importance of **language** in allowing individuals to exploit life opportunities and overcoming disadvantage;
- Changing ways of working as they are affected by the adoption of **Common Assessment Forms** in delivering services to children and young people.

7S Children's Care Placements - £2,000,000

**2010/11 AND 2011/12 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)**

NB. FIGURES ARE INDICATIVE AT THIS STAGE

The costs of children's placements and leaving care is likely always to feature significantly in the financial planning position of the department. The higher costs of this function is being acknowledged in the budget for 2009/10, with an addition of £3.5m. There has been and there will continue to be more investment in preventative strategies, initiatives to increase in-house capacity (rather than rely on expensive private provision) and development of the commissioning function to ensure that the Council gets value for money in its spending. The expectations have been that these different strategies would have the effect of reducing costs overall in the medium term, but continued close monitoring of these budgets is vital, particularly given recent circumstances. Any changes in the trends on this activity could turn a projected saving in future years into a growing cost again.

8S Fair charging to Schools - £250,000

A thorough review will be undertaken of the level of charging to schools to ensure that schools within their specific individual allocations are meeting the full cost of services provided to them.

9S Special Educational Needs (SEN) Transport - £150,000

A further review of the criteria and costs associated with the provision of this form of transport.

Sub-Total Children's Services Department

£3,400,000

CUSTOMER SERVICES DEPARTMENT

10S Joint Services/Strategic Partnerships - £500,000

A number of the services provided by Customer Services could potentially work well as joint services or with a strategic partner. While it is not expected that this would affect front line services such as refuse, street cleaning, grounds maintenance etc. in the first instance there could well be potential in areas like revenues and benefits to join forces with other councils and/or work with the strategic partner. An assessment of the Department's services is currently being undertaken and will be completed by Christmas. This should give us a clear indication of which areas could be targeted for this particular route.

**2010/11 AND 2011/12 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)**

NB. FIGURES ARE INDICATIVE AT THIS STAGE

11S Business Process Re-engineering/Staff Reviews - £1,500,000

Through this option of redesigning services more efficiently and particular staffing reviews of management and administrative support overall we could see the numbers employed in the department reducing by 130+ over the two years on top of the approximate 40-50 posts that are being deleted as part of the 2009/10 savings.

Sub-Total Customer Services Department £2,000,000

RESOURCES DEPARTMENT

12S IT - £700,000 to £1,100,000

The current controllable budget for IT is £7.3m of which £4.5m is staff cost. A review has indicated that this service is considered expensive against other authorities. In addition, the IT investment programme requires a significant increase in capacity in this area. It is recommended to market test this service – delivering a saving of between 10% - 15%. This would equate to between £700k - £1.1m and bringing in additional capacity to bring in the level of change that is required to support an ambitious efficiency programme.

13S Transactional Finance & HR - £500,000

More detailed work is needed on this area, but with a major IT investment programme – it is planned to automate much more day-to-day transactional activities – enabling greater self-service and increased utilisation of B&D direct (e.g. invoice chasing etc.) It is proposed that these areas be considered for either shared services of part of the IT outsourcing arrangement in 2010/11. It is anticipated that savings of around £500K can be delivered in these areas over a two year period.

14S Facilities management, Security & Building Cleaning - £300,000

These services have not been fundamentally re-specified for a number of years. An element of schools cleaning will in any event be delivered by the Facilities Management function that results from the secondary schools BSF programme. Therefore, these services will be reviewed during 2009/10 with a view to looking at delivery these services at 10% less resulting in a saving of £300K.

2010/11 AND 2011/12 BUDGET SAVINGS - ALL COUNCIL SERVICES
(EXCLUDING SCHOOLS)

NB. FIGURES ARE INDICATIVE AT THIS STAGE

15S Capital Delivery - £250,000

A soft market testing process will be undertaken in relation to capital delivery during the remainder 2008 and during 2009/10 with a view to improving the capacity and value for money of the service. This will consider transfer of the service, partnering and other options. This will then move into a restricted tendering process to minimize the time taken.

Sub-Total Resources Department **£2,150,000**

OVERALL SAVINGS TOTAL ACROSS 2010/11 AND 2011/12 **£9,800,000**

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