

SUPPLEMENTARY 1



THE ASSEMBLY

Wednesday, 24 February 2010

Agenda Item 10. Council Plan Update 2010-11 Incorporating the Medium Term Financial Strategy (MTFS) 2010-2011 to 2012-2013

This report has been incorporated into "The Council's Budget 2010/11 to 2012/13" report at Agenda Item 11

Agenda Item 11. The Council's Budget 2010/11 to 2012/13 (Pages 1 - 129)

This report also includes the report "Council Plan Update 2010-11 Incorporating the Medium Term Financial Strategy 2010-11 to 2012-13" listed as Agenda Item 10.

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THE ASSEMBLY

24 FEBRUARY 2010

REPORT OF THE CORPORATE DIRECTOR OF FINANCE AND COMMERCIAL SERVICES

The Council's Budget 2010/11 to 2012/13	FOR DECISION
<p>Summary</p> <p>This report presents the proposals of the Council's Executive, agreed at its meeting on 16 February 2010, in respect of the following:</p> <ul style="list-style-type: none"> • The Council Plan and Medium Term Financial Strategy, which sets out the broad objectives and context within which the budget is formulated (Appendix 1); • The Capital Programme report which sets out capital expenditure plans for the period 2010/11 to 2013/14 totalling £394m (Appendix 2); • The Revenue Budget and Council Tax report, which details the basis for a freeze in Council Tax levels for the 2nd consecutive year and the revenue budget proposals underpinning this (Appendix 3); and <p>The above proposals were presented for scrutiny at the Public Accounts and Audit Select Committee on 12 February 2010.</p> <p>Wards Affected: All Wards</p>	
<p>Recommendations</p> <p>The Assembly is recommended to agree the following, as proposed by the Executive:</p> <ul style="list-style-type: none"> (i) The Council Plan 2010/11 and the Medium Term Financial Strategy 2010/11 to 2012/13 (Appendix 1) which includes: <ul style="list-style-type: none"> a) The Capital Strategy; b) The Reserves and Contingency Strategy; c) The budget options for 2010/11 and future years; and d) The investment decisions and assumptions. (ii) The Capital Programme for 2010/11 to 2013/14 and Prudential Indicators for the Authority (Appendix 2); (iii) The Revenue Budget for 2010/11 and the position on Reserves (Appendix 3); (iv) The Statutory Budget Determinations and Amount of Council Tax for the London Borough of Barking and Dagenham (Appendix B of Appendix 3) which would mean a 0% Council Tax increase for 2010/11, representing a freeze in Council Tax levels for the 2nd year in succession. 	
<p>Reason</p> <p>The Council has a statutory duty to set a revenue and capital budget for each financial</p>	

year and has to set the level of Council Tax for the forthcoming financial year.

Implications:

Financial:

The detailed financial implications are included in the Executive reports appended to this document.

Legal:

The detailed legal implications are included in the Executive reports appended to this document.

Contractual:

There are no specific contractual issues in respect of this report.

Risk Management:

In setting the overall budget, consideration has been given to all Council service budgets and the relevant risks associated with the setting of these budgets. Sensitivity analysis has been performed on budget options to ensure that levels of reserves and contingency are robust in the context of the overall budget.

Customer Impact:

The customer impact of budget proposals have been considered throughout the process of formulating the overall budget and have informed the options agreed.

Safeguarding Children:

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

Crime and Disorder:

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

Property/Assets:

The formulation of the Capital Programme has had regard to the Property Asset Management Plan.

Options Appraisal:

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

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THE EXECUTIVE

16 FEBRUARY 2010

REPORT OF THE CORPORATE DIRECTOR OF FINANCE AND COMMERCIAL SERVICES

This report is submitted under Agenda Item 9. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order to avoid any delay in the setting of the MTFS as part of the Council's overall budgetary framework for 2010/11.

Title: Council Plan Update 2010/11 incorporating the Medium Term Financial Strategy 2010/11 to 2012/13	For Decision
<p>Summary:</p> <p>This report sets out the draft Council Plan and Medium Term Financial Strategy (MTFS).</p> <p>In the light of the forthcoming election, it was felt that significant changes to the Council Plan would be premature and therefore the existing plan has been extended with a light touch refresh for 2010-11 to reflect progress made. This report contains a textual version of the updated Plan. Once approved, the Council Plan incorporating the MTFS will be available as an interactive web document rather than a text document.</p> <p>The Council Plan articulates the way in which the Council plans to deliver members priorities over the next few years and the MTFS enables the Council to plan its finances into the future. The MTFS presents the financial impact of all the factors that influence the Council's budget over a period of time. The MTFS is informed by current and future policy as stated within the Council Plan and links to other strategies (e.g. Workforce Strategy). The MTFS also models the cost of services, the financial impact of risks we are aware of, investments we need to make and identifies our funding gaps.</p> <p>Wards Affected: All</p>	
<p>Recommendation(s)</p> <p>The Executive is asked to recommend the Assembly to approve:</p> <ul style="list-style-type: none"> (i) The Council Plan as set out at Section 1 of Annex 1 to this report; (ii) The MTFS as set out at sections 2 to 13 of Annex 1 to this report which includes: <ul style="list-style-type: none"> a. The Capital Strategy as set out in section 8 b. The Reserves and Contingency Strategy as set out in section 12 c. The budget options for 2010/11 and future years as set out in Appendix A to Annex 1 d. The investment decisions and assumptions as set out in Appendix B to Annex 1 	

Reason(s)

The Council Plan and Medium Term Financial Strategy set out the overarching principles by which the organisation plans its services over the medium term.

Implications**Financial**

This report is in respect of the Council Plan and Medium Term Financial Strategy, and sets out the principles for the Council's financial strategy. These are included throughout the report.

Legal

Detailed comments appear in the reports on the budget, Treasury Management Strategy, Fees and Charges for 2010-2011 and the capital programme for 2010 – 2011 which bear upon the MTFS. There are no further comments in relation to this report.

Contractual

No specific implications.

Risk Management

The Council Plan and Medium Term Financial Strategy must have regard for risks associated with the delivery of the Council's aims and objectives both in terms of policy and in terms of financial implications. Links to risk management are included in section 10 of this report.

Staffing

There are clear staffing implications of the Council Plan and Medium Term Financial Strategy. Links to the workforce strategy are set out in section 10 of this report.

Customer Impact

One of the key risks around setting the financial strategy and the savings options that underpin this is the impact on customers. A review of the impact of each savings option has been undertaken in respect of customer impact, risks have been identified, and mitigating actions are being put in place by the relevant services.

Safeguarding Children

Implications for safeguarding children only to the extent which specific savings options impact on areas that deliver services supporting the Council's safeguarding agenda. An impact assessment has been carried out on these specific savings.

Crime and Disorder

Implications for crime and disorder only to the extent which specific savings options impact on areas that deliver services supporting this specific agenda. An impact assessment has been carried out on these specific savings.

Property/Assets

Links to the Council's Property Asset Management Plan are set out in section 10.

Options appraisal

Not applicable.

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Consultees

The following were consulted in the preparation of this report:

Councillor L Smith, Leader of the Council
 Councillor Bramley, Cabinet Members for Finance and Human Resources
 Rob Whiteman – Chief Executive
 Corporate Management Team
 Tracie Evans – Corporate Director of Finance
 Winston Brown – Legal Partner
 Sue Lees – Divisional Director of Asset Management and Capital Delivery
 Heather Wills – Head of Community Cohesion and Equalities
 Sandy Hamberger – Audit and Risk Controller
 Guy Swindle – Head of Strategy and Performance
 Jonathan Bunt – Corporate Financial Controller

Background Papers

- Information from Department of Communities and Local Government
- Budget working papers
- Reports to member bodies

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1. Council Plan

Introduction

Message from the Leader of the Council Cllr Liam Smith

Having been elected to serve as Leader of the Council, I am pleased to present Barking and Dagenham's Council Plan update for 2010-2011, which sets out our ambition and priorities. It describes the part that the Council will play in making the borough an even better place to live by building on our solid achievements.

Looking back over the past year there is a lot to celebrate, even though it has been one of the toughest years financially the Council and the borough has ever faced.

Despite the recession, the Council has pushed on with its ambitious plans to improve the place we live. A brand new swimming pool and state-of-the-art leisure centre is well underway at Becontree Heath, due to open in 2011. A new library and One Stop Shop – where residents can have their enquiries sorted out face to face with trained staff – will open in the Heathway in 2010.

Wheelie bins have been successfully introduced across the borough, helping to make Barking and Dagenham the cleanest I have ever seen it. And our Eyesore Gardens campaign, where we encourage homeowners to keep their front gardens clean and tidy, has already made a massive impact in south Dagenham, and will be rolled out to other wards soon.

2010 has also been a good year for our young and old, with free swimming being introduced for all under 18s, another successful year of Summer Sorted school-holiday activities, and the introduction of Street Base, an ambitious youth project designed to turn around perceptions of local young people by getting them involved in positive community activities. Meanwhile for pensioners, the Council has campaigned successfully to keep their Active Age Centres open, making sure older people have got the chance to get out, meet people and stay active.

All this has been on top of our decision to freeze Council Tax levels in 2009-2010, giving our residents a much needed financial break during these tough economic times.

But we certainly won't be resting on our previous achievements, and I know that there is still a lot for us to do.

We are making good progress resurfacing the borough's roads and footpaths and are three quarters through our £20m programme, and we will make sure it continues on time and on budget.

Shopping centres and parades still face massive challenges, even as the recession eases. I want to make sure that we strengthen our parades, making sure local businesses are supported to keep jobs locally. We've already run a "Buy B&D Week", encouraging residents to spend their money in local shops.

On the back of that, I want the council to play its own part in creating local jobs, particularly for young people leaving school. Already we have arranged for around 100 young local apprentices to take up placements in the Council and other local businesses. In the next year, I want to see the scheme expanded significantly, making sure that our young adults get the start in life they need.

Of course, before they get to that stage, we need to make sure that they have the best schooling we can give them. This is why I am committing huge investments to bring all of our schools up to the same high standard, making the most of £40 million grant to create new primary school places for every local child that needs one, and investing a massive £270 million in the fabric, buildings and equipment of our secondary schools.

These are the key commitments this Council will make to its residents, making sure all our residents, no matter what their age or income, can fulfil their potential.

Local people deserve the best and I have committed to working hard over the coming year to make sure that they get it.

Message from our Chief Executive

Last year I was delighted to announce that we achieved the top four star category for high performance in our annual Comprehensive Performance Assessment (CPA). This year saw the introduction of the Comprehensive Area Assessment (CAA) which is a new way of assessing local public services. We received an encouraging overall score of 3 out of 4 on our organisational assessment, with a particularly impressive 4 out of 4 for Adult Social Services and 3 out of 4 for Children's Services. We have challenges ahead in terms of becoming more efficient and making better use of our resources and in recognition of this we have created a new Finance Department headed by the Corporate Director of Finance & Commercial Services.

No one knows how long the recession will last, but what is certain is that public sector finances will continue to be tight and we need to find new ways of working to achieve more with less. The challenge for the council is not just to manage shrinking budgets, but to make additional savings so that we can invest money in the services that local people need.

We are committed to treating every penny as if it was our own to ensure that as far as possible we spend money on the public and not on the organisation. As finance gets tighter we will protect front line services by reducing the cost of administration and support services. Examples of the radical changes we are implementing to achieve these savings include:

- Sharing services with our partners or other councils
- Making better use of technology
- Reducing accommodation costs
- Getting better value from contracts and the goods and services we buy
- Strategic partnering to ensure we have the skills and capacity to deliver effective and efficient business services

We are proud of our achievements, but recognise the need to remain focused on the needs of residents and local businesses. Our aim is to be regarded as excellent in the

eyes of our customers with local people reporting improved satisfaction with the area they live in and the services the council provides.

About this plan

The Council Plan 2008-2011 provides clarity for the Council on where the focus of its business will be over the three year period. This focus ensures that the Council is making the right plans and decisions at the top for the services we provide now and those we design in the future. The Council must demonstrate that it spends the money it receives wisely on making the best decisions for services it provides to the communities in the borough.

This annual update reviews the original priority action plan and measures of success, building on the work started in 2008-09. It reflects changes to the national and local performance frameworks and describes how the Council will help to deliver the Community Plan 2008-2018 and the Local Area Agreement.

Our Priorities and Plans

Vision and Priorities

This section describes how the Council, with its partners, agreed the long term vision and priorities for Barking and Dagenham.

The Council shares its vision for the future of the borough with its partners:

Working together for a better borough

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.

Our Strategic Objective: To raise average household incomes in Barking & Dagenham to the London average by 2020

During 2008 the BDP, after listening and talking to more than 3,000 local people, agreed six new Community Priorities. These priorities, which will define the work of the Council and its Partners over the coming years, are set out below:

Our Priorities

- **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 less pollution, waste, fly-tipping and graffiti., and with much greater use of our parks, green spaces and river frontage
- **Fair and respectful** - a stronger and more cohesive borough, where all people get along and help and look out for each other, 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 young people** - a borough of opportunity for all young people so that they can achieve their full potential, be creative and have fun, and ultimately play an active economic role for the good of all.

Community Plan and Local Area Agreement

Community Plan

During 2008 the Barking and Dagenham Partnership, after listening and talking to more than 3,000 local people, produced the Community Plan 2008-2018. The plan sets out the shared vision for the future of the borough and outlines the priorities for action.

Local Area Agreement

To turn the vision into reality, the Council and its partners have agreed a set of targets which we will work together to achieve over the next 3 years. These are set out in a formal agreement known as the Local Area Agreement (LAA) which was negotiated with, and signed off by, central government in June 2008.

Our Values and the Way we Work

This section sets out our organisational vision, values and strategy. It explains how we are shaping Barking & Dagenham Council to best meet our strategic objective and deliver against our priorities, whilst continuing to provide core services, all with less money.

Where we are

- The Council has made **significant improvements** in many services, but some of our services still need to improve cost effectiveness in comparison to other boroughs.
- We have been **proud to provide most services directly** ourselves. This has enabled us to be the largest employer in the borough and, in some services, maintain some of the best terms and conditions in the country.

- There are increasing examples of **teams from different departments working together** to deliver better.
- Significant amounts of time, money and other resources have been invested in **improving our customers' experience**, with the Barking Learning Centre, one stop shop and call centre making a real difference to how easy it is to access our services. However, we are still dealing with around 14,000 calls a month in our call centre and we need to be able to reduce these numbers.
- We employ some 5,000 staff (excluding schools). We need to increase our **flexibility** to meet new needs and challenges or to match people to areas of peak demand.
- The general **quality of management information** – finance, HR, performance – has improved but needs to improve further and also absorbs considerable staff time in manually updating spreadsheets and related records.

Where we are going

- **Increasingly organised around the whole needs of individuals, families and places.** We will bring together services from across the council and the Partnership to collectively understand the needs of families and the places they live in and to provide joined up solutions that make a bigger difference to the things that matter to people and cost less to the public purse.
- **More (joined up) commissioning.** Commissioning is about finding the best provider, which may be the council but may also be a voluntary organisation, another council or a business.
- **More flexible and effective workforce.** We are reviewing job titles and descriptions to significantly reduce their variation and complexity. With new technology and better use of existing technology we will train and develop staff to do more interesting jobs and add more value.
- **Better tools to do the job.** We are currently investing in new technology to improve the service we provide to our customers. A single customer database will allow a real one stop shop experience for people and make dealing with us much easier, quicker and more satisfactory.
- **Significantly better business intelligence.** Extensive improvements in Oracle systems will deliver big improvements in the timeliness and quality of the business intelligence available for managers.
- **Delivering value for money.** With significant reductions in public sector funding expected over the coming years there is a need to ensure that everything we do is necessary, and is done in the most efficient and economical manner possible.
- **New operating model.** The One B&D Model will deliver new ways of working designed to put the customer at the heart of what we do, whilst making us more efficient, economical and effective. The following section explains this model in more detail.

The 'One B&D Model'

The diagram below depicts the operating model that we are building. The key features of this model are:

Understanding Needs

1. Deep and shared understanding of our customers' needs through effective engagement, joint intelligence and shared analysis

Meeting Needs

2. Decisions based upon a strong evidence base and business case
3. Joined up commissioning of services, with a clearer separation of commissioning (the decision about what services to provide) from the delivery of services (how they are provided)

Putting the Customer at the Heart of What We Do

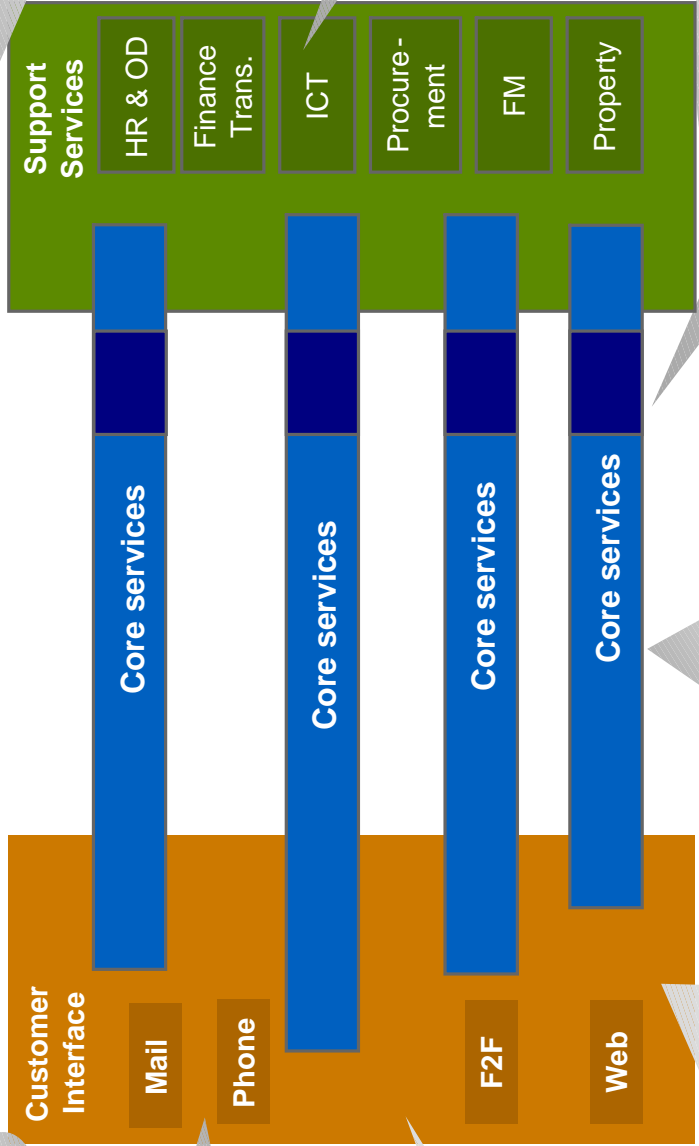
4. Successfully resolving most enquiries first time
5. Wherever possible, dealing with all of a customer's issues in one place and in a personalised way
6. Much easier access to services, and, where people prefer, an emphasis on self service and lower cost access channels such as online and phone (Barking and Dagenham Direct.)

Providing value for money

7. Making best use of public buildings by: operating from fewer locations, more convenient to residents; with many more public services available from them, and; by making best use of the space in these buildings 24 hours a day, 7 days a week
8. Integrated corporate IT systems, with less than half the current applications
9. Collaborative service delivery through in house or other service delivery options

The One B&D Model

Policy, Engagement & Intelligence
Funding
Strategic commissioning



2. Decisions based upon a strong evidence base and business case

3. Joined up commissioning of services, with a clearer separation of commissioning (the decision about what services to provide) from the delivery of services (how they are provided)

8. Integrated corporate IT systems, with less than half the current applications

7. Making best use of public buildings by: operating from fewer locations, more convenient to customers; with many more public services available from them, and; by making best use of the space in these buildings 24 hours a day, 7 days a week

1. Deep and shared understanding of our residents' needs through effective engagement, joint intelligence and shared analysis

4. Successfully resolving most enquiries first time



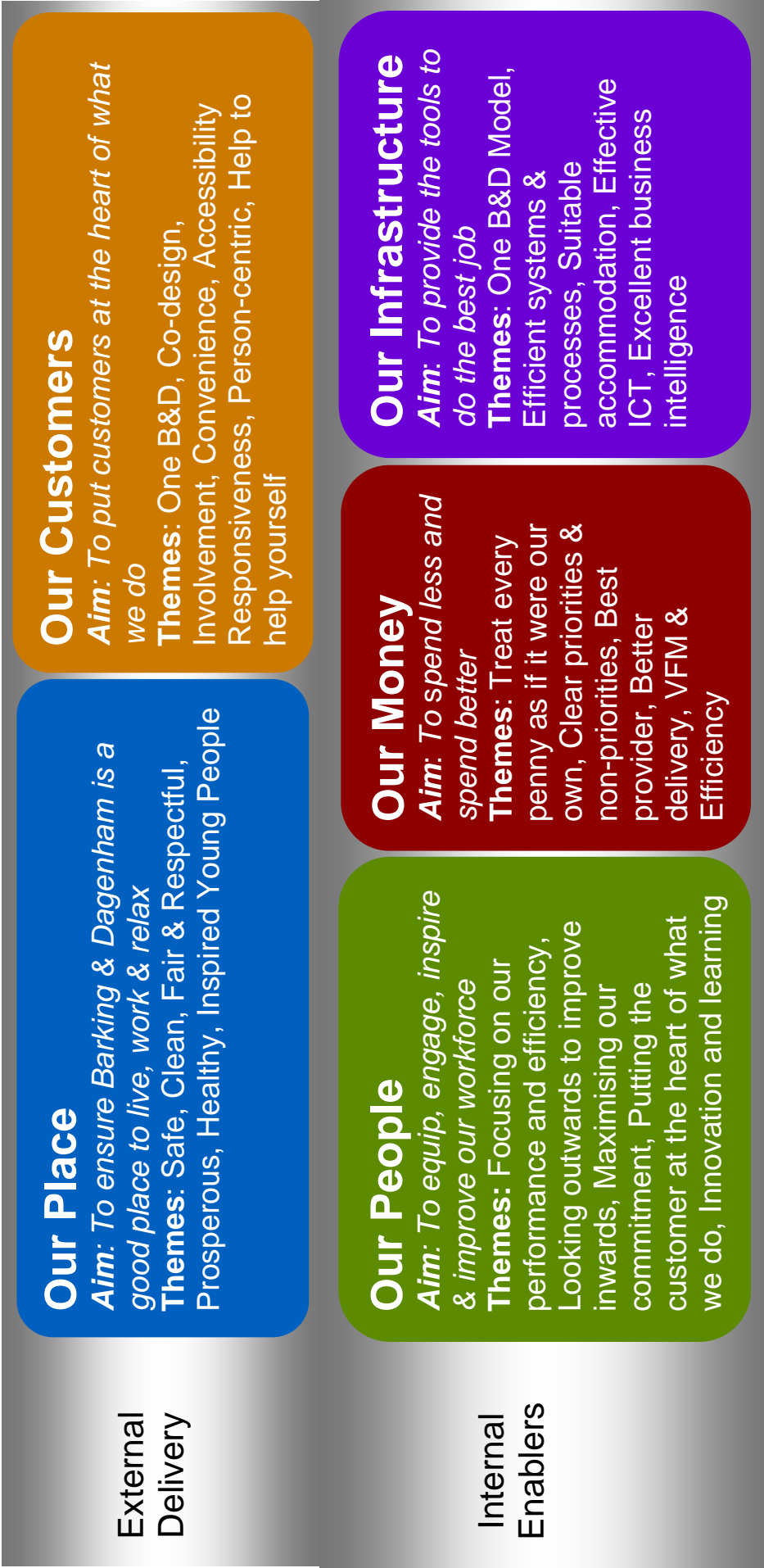
5. Wherever possible, dealing with all of a resident's issues in one place and in a personalised way

6. Much easier access to services, and, where people prefer, an emphasis on self service and lower cost access channels such as online and phone (Barking and Dagenham Direct.)

9. Collaborative service delivery through in house or other service delivery options

How we are getting there – transforming Barking & Dagenham

To shape Barking and Dagenham Council into this new organisation we are applying our **values** - *putting the customer first, taking responsibility, treating each other fairly and respectfully, working together, achieving excellence* – to deliver on **five core strands**:



Key Programmes & Activities

Within each of these five strands are a range of key programmes and activities designed to deliver **transformation**:

Our Place

- LSP & LAA
- Economic development & regeneration
- Localities
- Cohesion
- Building Schools for the Future
- Barking Riverside

Our Customers

- Engagement Strategy
- One B&D Programme
- Customer Strategy
- Personalisation
- Think family
- Youth Connect Card

Our People

- Organisational Development
- Workforce planning
- Integrated workforce
- Recruitment

Our Money

- Medium Term Financial Planning
- VFM & Efficiency
- Total Commissioning & Procurement
- Income Maximisation
- Strategic Partnering

Our Infrastructure

- ICT modernisation
- Accommodation
- Assets
- Business Intelligence
- Oracle improvements

The Golden Thread

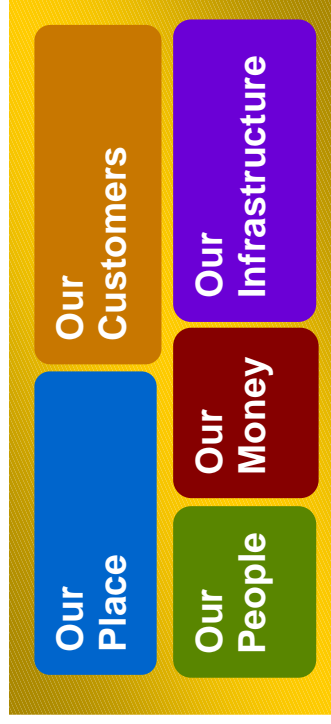
We will achieve our aim

To raise average household incomes to the London average by 2020

...by delivering against our priorities

Safe
Clean
Fair & Respectful
Healthy
Prosperous
Inspired & Successful

...through One B&D, a transformed council



...created by completing key tasks



...delivered by each of us playing our part

Team & individual objectives

Tracking our Progress

Appendix C sets out outcomes we expect and the measures of success we will use to monitor progress against our priorities. They reflect and complement the community priorities and mirror the objectives in the Community Plan and the LAA.

Planning and Performance Management

Planning and Performance Management Framework

Our service planning, financial planning and performance management system has recently been revised to provide an effective, integrated process that ensures that services are aligned with strategic priorities and objectives and that progress is effectively tracked. It is designed to provide:

- A clear focus on our customers
- Leadership in performance
- Clarity about what success will look like in terms of outcomes
- The policies, strategies and plans to deliver the vision and achieve excellence
- Targets and performance indicators to enable progress to be measured
- Robust arrangements for performance reporting, review and scrutiny, which allow performance to be challenged and action to be taken when things are not going according to plan
- A mechanism to link service planning to financial planning

This Council Plan is underpinned by annual service plans which focus on transformational activity across the Council that will deliver the priority objectives. The diagram above illustrates the links between the various plans and shows how high level objectives cascade to individual and team goals and targets.

Monitoring and evaluation of progress towards achieving the goals in the Council Plan takes place at a number of levels. The process enables capacity and capability issues to be identified and addressed.

Individual performance is managed through regular one-to-one supervision meetings and six-monthly appraisals. Within departments there are regular team, divisional and departmental management meetings to review performance.

At a corporate level performance is monitored quarterly. The Corporate Management Team (CMT) holds a full meeting dedicated to Performance and Finance which focuses on the key performance issues and enables a cross-departmental challenge to take place. Following the CMT meetings a performance and finance report is produced and reported to the Executive and Scrutiny Management Board.

To complement the CMT performance and finance meetings and add a further element of support and challenge, Chief Executive's performance challenge sessions are held in October, reviewing progress against objectives and targets, and February where the focus is on the coming year's service plans. These are held for each department and the output is an agreed improvement action plan for the service.

For the 2010/11 planning cycle, a Star Chamber process was introduced which enabled senior managers and Members to discuss and challenge budget options, consider the impact of savings, and draw links between financial decisions and the Council's policy

objectives. This is an important step towards ensuring that the Council's budget is "policy led".

The Council has adopted a Programme Management approach to deliver its ambitious change and improvement agenda. This will help us achieve significant benefits across the organisation. In practice, this means following a consistent approach to programmes using Office of Government Commerce (OGC) "Managing Successful Programmes" principles. This provides clear governance, roles and responsibilities and a framework for organisations to follow. This is in line with the pan-London approach.

The Council has been effective in mainstreaming equalities and diversity into the way it operates, so that it is now fundamental to strategy development and service and financial planning. Our progress was recognised in March 2009 when we were assessed as being one of the few local authorities working at Level 5 of the Equality Standard for Local Government.

To support this mainstreamed approach to all six equality strands, the Council is developing a Single Equality Scheme which is currently out to the community for consultation.

How the Council Makes Decisions

Barking and Dagenham operates an Executive/ Overview and Scrutiny model of governance. Details of the Council's meeting structure are set out in the Council's Constitution, a statutory document which explains how the different parts of the Council work, how decisions are made and how the public can get involved.

A summary of the role and function of the main meetings is as follows:

The Assembly (the full Council) is the central political focus of the Council and the co-ordinating body for all elements of the political structure. It determines the corporate direction, policy framework and financial limits for the Council within which all operations and policies are carried out.

The Executive is made up of 10 Councillors from the ruling Political Group and is chaired by the Leader of the Council. It is the primary decision making body of the Council and has responsibility for developing policy and budget proposals and making key decisions about strategies, services and finances, based on the overall policy and budgetary framework agreed by the Assembly

Overview and Scrutiny is a key role for all councillors who are not members of the Executive.

The principal roles for Overview and Scrutiny are to hold the Executive to account and keep a check on all aspects of the Council's operations. It does this through a structure of select committees involving four themed meetings, with a fifth focusing on finance and resources undertaking, as part of its responsibilities, the Council's statutory audit function.

Our Successes to Date

The Council has achieved much over the past year. The Director of each of the services has identified their most significant achievements in the last 12 months:

Adult & Community Services

Portfolio holders: Councillor J L Alexander
Councillor H J Collins
Councillor R C Little

Director: Anne Bristow

- The Care Quality Commission (CQC) has rated the Council's adult social care as performing excellently.
- Self Directed Support is now the default option for older people and for clients with a physical and learning disability in a move to personalise services. Numbers of people receiving self directed support have been increased through a targeted approach.
- A local Tobacco Alliance for Barking & Dagenham has been established bringing together the Local Authority, NHS, Police, Education, and business representatives to work together on reducing health inequalities through a reduction in local smoking prevalence.
- The free swimming initiatives for under 18s and over 60s continue to perform strongly: a 31% overall increase in under 18s swimming is being maintained and the target of 20,000 memberships has been exceeded
- In the first inspection by CQC, Kallar Lodge, a specialist residential home for people with dementia, was rated as a 3* (excellent) service.

Children's Services

Portfolio holders: Councillor R Gill
Councillor M McCarthy

Director: Helen Jenner

- Housing and council tax benefit surgeries established in 14 children's centres
- 3592 pupils participated in Out of School Hours Learning Programme
- Children's Services rated as performing well by Ofsted in 2009
- Reduced the number of children coming into care through the Family Group Conferencing, Restorative Justice and Crisis Intervention projects. Since the projects started we have prevented 121 children and young people coming into care with 106 of these remaining out of care as of September 2009
- 104 apprenticeships created since January; 100 more by March
- 22% increase in the number of young people getting to university this year
- Significant reduction in persistent absenteeism from 7.4 to 6.2 secondary and 4.0 to 3.1 primary - improvement in data analysis and tracking of these pupils

Customer Services

Portfolio holders: Councillor S Carroll
Councillor V Rush
Councillor P Waker

Director: David Woods

- Implementation of Wheelie Bins resulting in increased recycling and reduced waste volumes
- Established 14 Housing/Council Tax benefit surgeries at Children's Centres
- New vehicle fleet resulting in reduced cost
- Housing Modernisation Programme delivered, promoting mobile working, resulting in better services to tenants
- Highways investment programme being delivered according to plan
- One B & D model agreed – putting the customer at the heart of service delivery
- Eyesore Gardens project taking action to tackle untidy front gardens was launched in 3 wards

Resources

Portfolio holders: Councillor L A Smith
Councillor G Bramley
Councillor S Carroll
Councillor M McCarthy
Councillor V Rush

Director: Bill Murphy

- Establishment of a Council Homes Building Programme which will see 83 new council homes built over the next two years
- Select Committee structure set up and operating successfully
- The launch of The News, the new fortnightly Council newspaper, on time and on budget
- Town Square arboretum completed and opened.
- Successfully managed the 2009 EU election.
- Increased the amount of Legal work we do in-house

Key Projects 2010-11 and how they are funded:

Strategic Projects 2010-11

The Council's key strategic projects for 2010-2011 are organised under the Community Priority headings that mirror those in the Community Plan. In addition a number of Council-specific priority actions to improve the way we deliver services are included under the umbrella of One Barking and Dagenham.

Each of the projects has been identified through consultation with people in the borough, through our own analysis of what needs to improve or through feedback from external inspection or assessment. They were developed in consultation with the relevant portfolio holder(s) as part of the service planning process.

Safe, Clean							
	Actions	Timescale	LAA indicator	Measures of success	Progress to date	Lead Officer	Funding
1.1	Major improvements to roads and footways: third year of a £20m investment plan	2008-2011	NI 5	Increased resident satisfaction in areas affected NI 168/169 maintain London top quartile performance of 4% or better	Areas 1 to 4 completed, areas 7,8 & 10 are currently being worked on.	Corporate Director of Customer Services	Capital programme £20m 07/08 to 10/11
1.2	Deliver integrated services through a locality approach			Reduction in number of children on child protection register and in care.	Detached youth workers in each locality Parent Support Advisors in 31 schools Health Advisors in all secondary schools Common	Corporate Director of Children's Services	Funded by mainstream Children's services funding (investment in 08/09 and 09/10) Also funded through Area Based Grant "think

					Assessment Framework embedded within targeted family support services	family project"
Fair & respectful						
	Actions	Timescale	LAA indicators	Measure(s) of success	Progress to date	Lead Officer
3.1	Construction of the Dagenham One Stop Shop & Library	2009-10	NI 9	Delivery of new library and one stop shop offering improved access to Council services	Construction underway. New library on schedule to open autumn 2010	Corporate Director of Adult and Community Services/ Corporate Director of Customer Services
3.2	Construction of New Council Housing	2010-11 onwards		Construction of new Council Houses	Grant from government received to complement internal funding. Works start early 2010	Corporate Director of Customer Services and Corporate Director of Resources
Healthy						
	Actions	Timescale	LAA indicators	Measure(S) of success	Progress to date	Lead Officer
4.1	Start building works to develop the new Becontree Heath Leisure Centre to replace existing facilities at Wood Lane	The centre is scheduled to open to	NI57	Delivery of a state of the art Leisure Centre within the Borough	Enabling works completed ahead of schedule. Consultation with	Corporate Director of Adult and Community
						Leisure centre funded through capital programme.

4.2	sports centre and Dagenham pool Support the Putting People First Transformation Programme	the public in May 2011.	NI130	Increase in the number of residents receiving self directed support	<p>service users and sports clubs has been undertaken. Planning permission for the scheme has been secured. Final specification and cost plan for the scheme has been agreed by the Council Executive. A principal contractor has been appointed to build the new leisure centre</p> <p>Increase in the number of people receiving personal budgets through a targeted approach. We are reviewing our processes, changing our commissioning & contracting and developing the market. We are developing preventative services with our partners to ensure maximum choice and control for our customers. We are</p>	Corporate Director of Adult and Community Services	<p>Free swimming for under 18s and over 60s funded through ABG</p> <p>Personalisation project funded through government grant and risk assessment of demand implications included in contingency</p>
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						leading national response to innovation.		
Prosperous								
	Actions	Timescale	LAA indicators	Measure(s) of success	Progress to date	Lead Officer		
5.1	Establish the Community Development Trust at Barking Riverside	2009-11	NI 2 NI 154 NI 155	Trust established to ensure new community facilities, housing and population growth are managed in a sustainable and safe way	Proposed structure and draft business plan agreed (Note: subject to agreement at Assembly Jan. 2010)	Corporate Director of Resources	Project funded from external grant funding and supported through mainstream Council regeneration budget	
5.2	Deliver the apprenticeships programme	2009 onwards		Number of apprenticeships created	104 apprenticeships created since January 2009, 100 more by March	Corporate Director of Children's Services	Funded through ABG programme budgets	
5.3	Creation of a Skills Centre	2010-11		Skills centre open and being used to develop skills and economic development	Construction due to commence in early 2010	Corporate Director of Children's Services and Corporate Director of Resources	Funded in 2010/11 capital programme budget and MTFS	

Inspired and successful young people							
	Actions	Timescale	LAA indicators	Measure(s) of success	Progress to date	Lead Officer	
6.1	Introduce Youth Access Card to increase positive activities on offer for young people	2009-11	NI 110	Young people's participation in positive activities	Joint funding agreed with PCT Card provider selected by competitive tender Two schools selected for pilot phase	Corporate Director of Children's Services	Additional investment factored into MTFS 2010/11
6.2	Support educational transformation through the Building Schools for the Future and Primary Capital Programmes	BSF Preferred Bidder Stage - Mid-May 2010. PCP currently in delivery		Year on year increase in the proportion of schools judged to be good or better by Ofsted	Negotiations with two bidders ongoing but to timescale for main LEP. Projects for PCP Phase 1 in design and proceeding to tender. Phase 2 spending programme in discussion.	Corporate Director of Resources/ Corporate Director of Children's Services	Grant funded for capital works through DCSF. Revenue funding to support programme provided as additional investment through MTFS 2010/11
One Barking and Dagenham							
	Actions	Timescale	LAA indicators	Measure(s) of success	Progress to date	Lead Officer	
7.1	Deliver Customer Service Implementation Project Completion of phase 1 Implementation of phase 2	By May 2010 By Dec. 2010		Barking & Dagenham Direct is the contact centre of choice	Staff restructuring underway CRM system purchased	Corporate Director of Customer Services	Funded through ICT infrastructure capital project
7.2	Strategic Partnering programme	2009-10	NI 179	A modernised ICT service that is more	Programme proceeding to	Corporate Director of	Funded through Invest to Save

					effective and efficient	schedule. Target date for contract award July 2010	Resources	programme
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The Medium Term Financial Strategy (MTFS)

2. Introduction

Message from the Corporate Director of Finance & Commercial Services Tracie Evans

- 2.1 We live in unprecedented financial times. We are living through a recession which will begin to have an enormous impact on us all as the government come to terms with the enormity of the national debt situation. For the public sector, this has started to bite but will have a devastating affect on all our finances next year when our grant announcements are made. We will be operating on significantly reduced income streams and that means that we will have to spend significantly less to balance our books. The challenge is so great that the old methods of making savings will not be enough. Using the same thinking to solve our problems as we have done in the past will mean we will end up with the same problems. We have to start thinking very differently about how we continue to deliver excellent services with much less money.
- 2.2 The economic outlook has changed significantly over the past 18 months, creating uncertainty in budget planning across the whole public sector. It is widely accepted that whichever political party is in control after the general election, they will need to make significant cuts to public expenditure, and this poses the greatest challenge to budget planning in the public sector for a generation.
- 2.3 The public sector is not unused to managing tough financial conditions. For a number of years, councils have had to introduce efficiency measures and savings targets to ensure budgets are managed. The traditional “salami slicing” approach (percentage savings targets across all departments) has been used in LBB and has been sufficient to see us through the last few budget cycles and enable us to set balanced budgets as well as putting additional investment into services. Overall, LBB have enjoyed a relative period of growth especially when measured against other Councils. This is largely because LBB receive higher grants to help our relatively deprived population.
- 2.4 This growth environment has stopped and all public sector organisations are operating in an environment where income from all sources will be significantly reduced. It is realistic to assume that the Council’s grant funding will be reduced by 30% between now and 2015, which means that the organisation will need to change dramatically from the one we know. The challenge for LBB and for public services across the local area, is to ensure that the reduction in spend required happens in a way that minimises the impact on outcomes for the local community and ensures that our key services continue to be successful.
- 2.5 The MTFS is a framework to enable the LBB to plan its finances into the future, ensure that resource allocations are led by policy decisions, and ensure that the financial challenge is used positively to plan appropriately and re-design better services.

- 2.6 A continuation of “salami slicing” or “slash and burn” approach to balancing the budget will not work because the scale of the reduction will be so great. If we do not plan intelligently now, the pain for the organisation and our residents will be greater.

3. Key Financial Objectives and Scope

3.1 The key financial objectives for the Council are:

- A balanced budget;
- Robust levels of reserves and contingencies;
- Policy led budget allocations based on Council priorities;
- Investments for future services;
- Culture that asks all employees, partners and contractors “treat every penny spent as though it was from your own bank account”;
- Improved efficiency and value for money;
- Income maximisation; and
- Strong financial systems and processes.

3.2 These objectives are addressed in following sections of the medium term financial strategy:

- **Corporate priorities and key policy objectives** with assessment against National Indicators as set out in the Council Plan above;
- A framework for capturing total future investment – understanding the “**total bill**”;
- The **linking of service and financial planning** – using value for money and benchmarking data alongside an assessment of key corporate priorities to ensure that the budget is “policy led”;
- An **Efficiency Programme** including:
 - **Strategic Partnership** contract with the same timeframe as the MTFS;
 - **Procurement Review** realising savings both short and medium term;
 - **Efficiency targets** for each group manager across the organisation;
 - Providing a framework for capturing cash benefits emerging from the **One Barking and Dagenham Programme** and **Total Commissioning Programme**; and
 - **Maximisation of income** and investment for public services in the local area.
- **Capital Strategy** – including:
 - Highways, public realm, schools & new homes;
 - Operational Asset strategy;
 - Investment Asset strategy;
 - Disposals and Acquisitions strategy;
 - Office Accommodation strategy and modern ways of working; and
 - Energy costs/savings and the Green Agenda.
- **Area Based Grant** – monitoring of spend in line with council priorities;

- **Links to other Strategies** – including the workforce strategy and departmental strategies;
- **Housing Revenue Account** – including Decent Homes and the subsidy system;
- **Council Reserves** – general reserves replenished to £10m and a centrally controlled Invest to Save Fund; and
- Strengthened **budget discipline and forecasting** and **sound governance**

4. Funding Council Priorities and Key Policy Objectives:

- 4.1 The Council invests a significant amount into the local economy each year supporting a whole range of national and local policy objectives. The Council budget is made up of a combination of core service budgets and areas where investment is made to deliver against priorities for the local area.
- 4.2 The Council Plan above sets out the key policy objectives for the organisation and shows the key strategic projects that will deliver the outcomes. The MTFS gives clarity as to how these objectives are being funded and will allow us to measure more accurately the success of outcomes.

5. The Budget Gap 2010-2020 (the “total bill”)

- 5.1 Given the current economic climate, with the expectation of significantly reduced income streams over the next few years, it is important that the Council is prudent in its planning. The Council has undergone a thorough review of its cost base over the past year, engaging with Directors, Heads of Service and managers around the organisation to understand future costs, income and risks.
- 5.2 The MTFS summarises these future costs, income and risks over a ten year period. This is a longer period than we have previously considered as an organisation, but this was considered important given the economic downturn and the significant risks that exist for our budgets over the next ten years.
- 5.3 The budget options to be incorporated into the budget for 2010/11 onwards are included in **Appendix A**.

Budget model

- 5.4 The financial modelling and assumptions that underpin the MTFS are included in **Appendix B** to this report. In summary they are:

- Investment relating to statutory duties and economic risks:
 - Pension fund contributions as stated in 2008 independent valuation report
 - East London Waste Authority Levy
 - Inflationary adjustments to budgets (assumption 3% after 2011)

- Loss of investment income due to reduction in interest rates
- Investment in key priorities (including member decisions already made):
 - Current capital programme financing costs
 - Removal Area Based Grant (support for services funded by ABG)
 - Skills Centre
 - Dagenham Library and One Stop Shop
 - Valence House Museum
 - Becontree Heath Leisure Centre
 - Building Schools for the Future
 - Youth Access Card
 - Current year budget risks as set out in **Appendix A**.
 - A provision for an affordable and sustainable capital programme from 2010/11 onwards
 - Provision for future risks and investment from 2011/12 onwards to protect the Council from severe budget reductions
- Investment to ensure the 2010/11 budget is robust:
 - Corporate provision for redundancy costs
 - Contribution to increase general fund balances
 - Provision in contingency to be allocated based on a range of risks identified for 2010/11 for which work is currently ongoing
 - Contribution to a central Invest to Save reserve to support and encourage innovation to improve the cost effectiveness of services
- Future income streams:
 - Council Tax – the budget model assumes a 0% Council Tax increase (“Council Tax Freeze”) for 2010/11
 - Government grant for 2010/11 as set out and agreed in the current 3 year grant settlement which ends on 31st March 2011. From that point, it is assumed that government grant will reduce by 20% in cash terms to 2014
 - Fees and charges – the budget for 2010/11 takes into account an increase in fees and charges of 1% in line with inflation and previously agreed income policies

A balanced, robust, budget

5.5 Given the assumptions and work already completed to prepare the draft budget (due to be presented for approval by the Council in February) the budget for 2010/11 will be balanced. As a result of the investment, and assumptions made in the MTFs, the budget gap looking forward for 3 years is as follows:

- £18m for 2011/12
- £14m for 2012/13
- £9m for 2013/14

5.6 These figures are indicative and derived from the assumptions made in the budget model at **Appendix B**.

6. Integrating service and financial planning

Policy led budgeting

- 6.1 The purpose of the service planning and financial planning frameworks is to ensure that budget allocations take account of corporate priorities, customer feedback and that that these principles are followed through the budget process into future budgets, and also through the service planning process into team and individual objectives. This is called our “golden thread”, it is illustrated in the Council Plan above and ensures that our budget is policy led.
- 6.2 The budget process begins with Executive members, Directors and Heads of Service detailed plans of investments or savings they can make to the service areas to deliver to support the delivery of the Council’s objectives..
- 6.3 A “Star Chamber” process then takes place to review and challenge budget holders on their options to ensure that they are robust. Information on budget options includes a risk analysis and impact assessment from relevant services.
- 6.4 For 2010/11, the all budget options have been subject to an equalities and diversity impact assessment.

Consultation

- 6.5 The budget process is informed by consultation with residents on what services or issues are important to them and what services they feel are most in need of improving. IPSOS MORI conducts a bi-annual place survey that enables this data to be compiled, compared with previous data, and also compared across London. Data is available from 2003/04, 2006/07, 2008/09. In 2009/10, the Council commissioned an interim place survey to inform decisions in respect of service and financial planning. Details of the results are set out below.

Investing in priorities

- 6.6 For 2009/10, the top issues that local residents felt were most important in making somewhere a good place to live were:
- The level of crime;
 - Clean streets;
 - Health Services;
 - Public transport;
 - Affordable decent housing; and
 - Education provision.
- 6.7 Our residents have consistently identified these areas as important. The Council and its partners have consistently therefore allocated our available resources to these priorities.

The “total place” initiative is a new initiative that looks at how a ‘whole area’ approach to public services can lead to better services at less cost. It seeks to

identify and avoid overlap and duplication between organisations and ensure that public services are focusing on what is really important for a local community. Despite not being a pilot for this scheme, the Council undertook an exercise in 2009/10 to determine the total expenditure by the public sector in Barking and Dagenham. The headline figure was that some £1.3billion was spent in 2008/09. This was broken down into these areas:

- Health - £436m
- Social Care - £358m
- Education - £299m
- Economic Affairs - £88m
- Housing - £86m
- Public Order and Safety - £81m
- Environmental services - £22m

This high level analysis demonstrates that most public expenditure in the local area is being spent on areas that are most important to the public. The challenge for the Council and its partners is to work together to make sure that funding is spent as effectively as possible.

Investing in improving services

6.8 The survey also asks what things are most in need of improving, and they were as follows:

- The level of crime;
- Activities for teenagers;
- Clean streets;
- Road and pavement repairs;
- Job prospects;
- The level of traffic congestion; and
- Affordable decent housing.

6.9 As an organisation, we have ensured that investment has been targeted to these areas, with key examples as follows:

- We have invested in our partnership with the police to increase the number of officers on the streets;
- We have set up the Street Warden Service in the borough to stamp out environmental crime and work with the community to promote pride and respect for our streets and public spaces;
- We have set up the Street base initiative, which has been developed to promote activities for young people in the borough.
- £1m investment in apprenticeships per annum to improve job prospects and activities for young people;
- A major programme of £20m investment in road and pavement repairs across the 4 years from 2007/08 to 2010/11;
- We are building a Skills Centre in Barking to deliver against our overall aim of raising household incomes; and
- The re-prioritisation of £7m from the capital programme to fund a programme of new Council House building to increase the supply of affordable decent housing.

Tracking our investment

- 6.10 When analysing this data, it is also important to keep track of the investment we are making, and the extent to which it is making a real difference to services that are important to residents. One striking example of this is around education provision. The Council has funded education services over and above local and national benchmark averages for the last 5 to 10 years. The results of the latest place survey show that the % of people who think that education provision needed to improve has fallen steadily over recent years, from 15% in 2003/04 to just 8% in 2009/10, which is significantly lower than the London average.
- 6.11 The Council also operates an “invest to save” fund. This is designed to provide support to service to implement efficiency measures or preventative work which will save costs in future years. This investment is provided on a non-recurring basis, with savings tracked and carried through into future years.
- 6.12 In preparation for the next business planning cycle, a range of activities are being undertaken. The service and financial planning process will be driven by a clear view of policy following local elections. It will also help the council allocate resources, focus on efficiency work and value for money, which will be informed by a range of considerations, in particular:
- **Value for money.** Areas where we need to improve the relative cost and output of services in comparison with other local authorities.
 - **Core vs non-core.** Understanding which discretionary services offer the greatest relative ‘added-value’
 - **Budget pressures.** Some priorities will be adequately funded; other priorities may have significant funding pressures attached to them.

7. Funding the budget gap 2010-2020

- 7.1 The overarching objective which, if met, will help ensure that the organisation can fund the budget gap will be a culture that asks all employees, partners and contractors “treat every penny spent as though it was from your own bank account”. This is achieved by improving value for money, re-directing resources to priorities, and by improving efficiency as set out below.

Providing better “Value for Money”

- 7.1 Achieving Value for Money (VfM) is an integral part of the Council’s approach to delivering the MTFs. The Council has developed a **VFM Strategy** to strengthen our strategic approach to improving VfM.
- 7.2 To deliver this strategy a **VfM Action Plan** has been developed to provide more detail on the work programme that will be undertaken to achieve better VfM and the key milestones. The key themes of the work programme are:
- **Understanding VfM** - Ensuring a shared understanding of the VfM and developing a culture of cost-consciousness
 - **Embedding VfM** - Ensuring that VfM remains a clear and sustained focus for the Council and its key decision making and management processes

- **Delivering VfM** - Transforming the way services are commissioned and delivered to release savings to invest in the agreed priority areas

The 2010/11 budget includes £14m of savings to balance the budget as set out in **Appendix A**. These savings are risk assessed by Departments, and an impact assessment is done to ensure that the affect on frontline services is low. Savings (disinvestment) is targeted at areas where our benchmarked information on value for money suggests that improvements in cost effectiveness can be made. Examples of this are as follows (each of these services were identified as high cost services based on benchmarking data):

- Leisure £0.3m
- Passenger transport £0.25m
- Care placements £0.5m
- Quality and schools improvement £1.2m
- Revenues and benefits service £1.8m
- Human Resources £0.5m
- ICT £0.5m
- Finance £0.3m

Re-directing resources

- 7.3 In the current economic climate, it is not realistic for significant additional investment to be made into new services or to increase the budget. Instead, it is important that the Council improves the efficiency and effectiveness of existing services, and re-directs funding from existing budgets. In addition to the investment that has been made following the re-direction of savings as set out above, during 2009/10 an exercise of re-prioritisation of capital resources was undertaken. This resulted in £7m being made available to fund a programme of New Council House building. Grant funding from the Homes and Communities Agency was received, so the total programme is over £10m.
- 7.4 Area Based Grant funding is allocated on a project by project basis, and the effectiveness of this expenditure is monitored through the partnership structure.

Efficiency

- 7.5 Efficiency is defined as providing the same level of service (or providing more service) for less money. It is also about making sure that whatever processes are in place, that they are as effective as possible at the minimum cost. Realising efficiency gains (and therefore releasing resources) is fundamental for the organisation in terms of its longer term financial sustainability and ability to continue to deliver services that are important to residents.
- 7.6 It is important that planned efficiencies are released. An “Efficiency Programme” has been constructed to support officers to realise their stated efficiencies. The Council has over achieved its efficiency targets over recent years in order to balance its budget so we know we have a track record of success. The government set a target of £13.4m of efficiency gains for the Council from the period 2005 to 2008, and the Council exceeded this target by

£6.4m, with efficiency gains of £19.8m being realised over the period. For 2008/09, a further £6.3m of gains were realised.

7.7 The Medium Term Financial Strategy includes efficiency projects as follows:

- Better Procurement;
- Asset rationalisation;
- Strategic Partnership – lean back office and transactional services;
- Service reviews; and
- 3% efficiency targets for all service heads for each of the next 5 years.

Indicative savings targets are included in **Appendix B** based on current information.

8. Capital Strategy

Affordability and prudence

8.1 The MTFFS gives clarity about the affordability of the Council's capital programme into the long term. An analysis of other London Boroughs costs of borrowing against their net budgets has been performed. This ratio typically varies from between 5% and 15% of net budgets, which would equate to between £8m and £20m for LBBD. Total levels of borrowing vary significantly across London, from £0 to over £900m.

8.2 Looking at figures for costs of borrowing, for LBBD, this means that total borrowing costs could increase by no more than between £300k and £1m per annum if the capital programme were to remain affordable in the long term (i.e. over 25 years). This would equate to a capital programme internally funded of between £4m and £10m per annum.

8.3 This principle is consistent with the Prudential Code for capital financing which requires the organisation to ensure that its capital programme is prudent, affordable and sustainable.

Objectives of the capital strategy

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.

Investing in priorities

8.4 The capital programme is funding key Council priorities as follows:

New projects for inclusion in the 2010/11 capital programme:

- Investment in new Council Housing and upgrading existing Council stock;
- Investment in skills for local people through a Skills Centre;

Existing projects in the capital programme:

- Investment in Schools - the Building Schools for the Future to upgrade and expand the secondary schools in the borough and significant investment to upgrade and expand the primary schools in the borough;
- Investment in a new Library and One Stop Shop in Dagenham Heathway;
- Investment in a new Leisure Centre at Becontree Heath;
- Continued investment in the regeneration of Barking Town Centre; and
- Investment in Highways and footpaths.

8.5 A key plank of the future capital budget and the MTFs is a successful external funding strategy, which maximises the achievement of corporate objectives, while minimising the call on internal resources.

9. Area Based Grant and Specific Grants

9.1 Area Based Grant was introduced in 2008/09 to replace a number of specific grants. The intention was to reduce the ring-fencing of funding from government departments and enable greater discretion and linking of funding to priorities in local areas. Full details of the Council's Area Based Grant allocations will be published on the Council's website.

9.2 The Council also receives a number of specific grants from central government which are ring-fenced for certain priorities and projects. Full details of the Council's specific grant allocations will be published on the Council's website.

10. Links to other strategies

Workforce Strategy

10.1 The Medium Term Financial Strategy must link into the workforce strategy, and it does so in a number of ways.

10.2 A corporate redundancy provision has been included in the budget model to support the Council's policy on voluntary severance.

10.3 The Medium Term Financial Strategy also provides a framework for improved resource planning. Embedding these behaviours into the organisation

(improved budget ownership, understanding of value for money) are key elements of the workforce strategy.

Treasury Management Strategy

- 10.4 A strong treasury management strategy and associated practices enables the Council to maximise investment income and cashflow, which underpins the delivery of the Medium Term Financial Strategy.
- 10.5 The Council's target return on investments for 2010/11 is 1.5%, which is a challenging (given current base rates) but achievable target that will be met through a combination of in-house and external fund management.
- 10.6 Security of our assets is also an important consideration. It is the Council's strategy not to invest internal funds in non-UK institutions. External fund managers have the flexibility to invest in non-UK institutions within the restrictions of the Council's policy on credit limits.

Property Assets Strategy

- 10.7 The Council's assets and property strategy is fundamental as it underpins the Medium Term Financial Strategy. Efficient and effective use of asset space enables the Council to reduce costs in this area.
- 10.8 The Council is developing a centralised property holding account for 2010/11 to ensure the efficient running of the corporate estate.

The first Property Asset Strategy and Property Asset Plan was submitted to Executive last year, and will be refreshed on an annual basis.

Highlights of the current plan include:

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

Procurement Strategy

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

- 10.10 Gains realised through the Council's procurement activity will be captured through the Efficiency Programme as set out in section 5 and will enable the Council to balance the budget.

Risk Management Strategy

- 10.11 The Medium Term Financial Strategy has been informed by an analysis of budget risks discussed through engagement with the Corporate Management Team, Heads of Service and through workshops and discussions with key support officers in departmental finance and policy/performance teams.
- 10.12 The Council's risk management strategy and associated processes enables the identification of and prioritisation of key financial risks and the cost of the management of the controls which feed into the Medium Term Financial Strategy.

11. Housing Revenue Account

- 11.1 The future of the Housing Revenue Account is a huge strategic issue for the organisation. It is clear that, due to current subsidy arrangements, the HRA is unlikely to be viable beyond 2010/11. There are a number of options to pursue to enable the organisation to continue to meet its aspirations for local housing beyond that point, which at this stage are still being developed.
- 11.2 The detailed budget for the Housing Revenue Account is included in the HRA Rents report which will be approved with the Council budget.
- 11.3 The Capital Programme for 2010/11 to 2013/14 includes the Decent Homes programme which is funded from a combination of internal resources and Major Repairs Allowance funding from central government.

12. Council Reserves and Contingency

Robust levels of reserves

- 12.1 The MTFs also sets the strategy around Council reserves and contingencies.
- 12.2 It is the responsibility of the section 151 officer to determine an appropriate and prudent level of reserves for the organisation. The target level of general reserves will be £10m. The current level of reserves is below this level, but provision has been made in the budget model to replenish reserves by £2m in 2010/11 to ensure that this level is realised in 2010/11.
- 12.3 The budget model also provides for £1m per annum contribution to a centrally maintained "Invest to Save" fund. This funding will be available on a business case basis and will be used to support and encourage innovation and projects to improve the cost effectiveness of services that the organisation provides to residents.

Contingency and longer term budget planning

- 12.4 The budget also includes a sum for contingency. In previous years, this figure has totalled £1.5m and this continues into 2010/11. However, there are currently significant risks facing the organisation in respect of the recession, the delivery of future savings, and continued increases in demand for the services that the organisation provides.

The key longer term budget planning issues in the Children's services budget include a number of areas:

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

The key longer term budget planning issues in the Adult's services budget include:

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

The key longer term budget planning issues in the Customer services budget include a number of areas:

- Risks around the future of the Housing Revenue Account – the current Housing Subsidy system is such that in 2 to 3 years time, the HRA will be financially unsustainable due to the amount of rent that the Council will have to hand back to the government. Any alternative model of housing provision in the borough could have significant financial implications for the Council;
- Risks around landfill taxes and the need to increase recycling rates; and
- The implementation of improved customer contact services across the organisation offers the Council huge potential savings by enabling residents to access more services on-line or through channels that are cheaper for the Council to run. These transitions need to be well managed to ensure continued high customer satisfaction alongside cost savings for the Council Taxpayer.

The key longer term budget planning issues in the Resources budget include a number of areas:

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

- 12.5 For 2010/11 a further £3m has been added to the central contingency. A detailed risk analysis has been performed on budgets across the organisation, and this amount has been set aside following this analysis. Given the future reduction in government funding that will come into effect after March 2011, these amounts will not be allocated to base budgets, but will be available on a non-recurring basis to provide transitional support for specific budget areas.

Sensitivity analysis

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

	Total budget	Assessment of risk	Possible Implications	Mitigating actions
Adults Services				
- Personalisation	£16m	Risk of 5% increase in demand	£800,000	Personal budgets cost neutral on case by case basis
Children's Services				
- Children's Placements	£13m	Risk of 5% increase in demand	£650,000	Invest to save for adoption and fostering
Customer Services				
- Landfill charging	n/a	Impact currently increasing due to tighter regulation		Increased recycling
Resources/Finance				
- Energy costs	£7m	Risk of 10% increase in prices or demand	£700,000	Energy efficiency programme
- Carbon trading	£nil	Currently low risk in terms of financial implications but increasing in future years		As above
- Changes in interest rates	£1m income	Lower risk given low interest rates	£200,000	Good treasury management

13. Budget Discipline and Forecasting and Sound Governance

Budget discipline:

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

investment needs have to be updated every year, which defeats the object of longer term planning.

- 13.2 The Council has undertaken a root and branch review of budgets across the organisation in preparation for the 2010/11 financial year. This has covered an assessment of salary budgets (ensuring the establishment is fully funded), supplies budgets (ensuring all contracts are funded) and an assessment of income targets to ensure these are realistic. This is a vital piece of work to ensure that our base budgets are robust and that expenditure can be delivered on budget for 2010/11.

Budgetary control and sound governance

- 13.3 The Council is committed to maintaining a system of sound financial control, specifically to make sure that:
- Adequate budget monitoring arrangements are in place for services and projects;
 - Sound control and reconciliation procedures are in place for all financial systems;
 - Collection and recovery of income due to the Council is maximised;
 - Compliance takes place with relevant EU and national procurement and contracting regulations; and
 - Adequate anti-fraud and corruption arrangements are in place.

SUMMARY OF INVEST TO SAVE BIDS

<u>Ref Number</u>	<u>Bid Description</u>	<u>2010/11</u> <u>£'000</u>	<u>2011/12</u> <u>£'000</u>	<u>2012/13</u> <u>£'000</u>	<u>2013/14</u> <u>onwards</u> <u>£'000</u>	<u>Payback</u> <u>Period</u> <u>(Years)</u>
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Adult & Community Services

I2S/ACS/01	Leisure Centre Management	Investment	150	-	-	-	1.60
		Savings	-	250	350	350	
		Net Investment	150				

Children's Services

I2S/CHS/01	Pitstop Project - C Treatment Foster Care Programme - 12 Month Post Pilot Extension	Investment	338	-	-	-	2.82
		Savings	120	120	120	120	
		Net Investment					
I2S/CHS/02	Social Workers - Foster Carer Assessments	Investment	61	61	61	-	0.85
		Savings	215	215	215	215	
		Net Investment	-				

Customer Services

No Bids Submitted						
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Resources

I2S/RES/07	M&E Maintenance - Install Power Perfectors	Investment	116	116	116	-	2.55
		Savings	75	150	224	224	
		Net Investment	41				
I2S/RES/12	Asset Management - Energy Management Capacity	Investment	100	100	100	-	2.13
		Savings	141	141	141	141	
		Net Investment	-				
I2S/RES/13	Accommodation - implement and speed up consolidation of assets	Investment	98	98	-	-	2.90
		Savings	-	-	218	468	
		Net Investment	98				

Pressures and Risks to be factored into the model

<u>Ref Number</u>	<u>Bid Description</u>	<u>2010/11</u> <u>£'000</u>	<u>2011/12</u> <u>£'000</u>	<u>2012/13</u> <u>£'000</u>	<u>2013/14</u> <u>£'000</u>
Adult & Community Services					
BP/ACS/03	Dagenham Library/One Stop Shop	600	1,200	1,200	1,200
BP/ACS/04	Becontree Heath Leisure Centre	400	600	600	600
BP/ACS/05	Valence House Museum Education Programme	168	168	168	168
BP/ACS/06	Domestic Violence Advocacy Services	100	100	100	100
BP/ACS/07	Dementia Services - Residential Care	250	250	250	250
		1,518	2,318	2,318	2,318
Children's Services					
BP/CHS/05	Youth Access Card	-	278	278	278
		-	278	278	278
Customer Services					
BP/CS/07	Temporary Accommodation	1,025	1,310	1,310	1,310
		1,025	1,310	1,310	1,310
Resources					
BP/RES/01	Local Elections 2010	220	20	20	20
		220	20	20	20
		-	-	-	-
TOTAL ALL PRESSURES		2,763	3,926	3,926	3,926

SUMMARY OF SAVINGS

Ref Number	Bid Description	2010/11	2011/12	2012/13	2013/14 onwards
		£'000	£'000	£'000	£'000

Adults & Community Services

S-ACS-01	Support Services - Non Staffing Supplies & Services Budgets	250	250	250	250
S-ACS-02	Neighbourhood Management	750	750	750	750
S-ACS-03	Parks Police	200	566	566	566
S-ACS-04	Increase in Vacancy Factor	250	250	250	250
S-ACS-05	Contracted/Commissioned Services	1550	1550	1550	1550
S-ACS-06	Community Development & Halls	90	150	200	200
S-ACS-07	Residential & Day Care - Income Charging from Other Local Authorities	110	110	110	110
S-ACS-08	5% Reduction in Staffing	900	900	900	900
S-ACS-09	Passenger Transport	250	250	250	250
S-ACS-10	Leisure & Arts Service Reductions	300	300	300	300

Total Adults & Community Services

4,650	5,076	5,126	5,126
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Childrens Services

S-CHS-01	Integrated Family Services - Employee Costs	33	33	33	33
S-CHS-02	Head of Integrated Family Services - Employee Costs	48	48	48	48
S-CHS-03	Head of Integrated Family Services - Parenting Support - Employee Costs	32	32	32	32
S-CHS-04	Head of Integrated Family Services - Portage - Employee Costs, Premises and Supplies	20	20	20	20
S-CHS-05	Head of Integrated Family Services - Community Educational Psychology service - Employee Costs	50	50	50	50
S-CHS-06	Safeguarding & Rights - Care Placements Efficiency review	500	550	600	600
S-CHS-07	Safeguarding & Rights - Educational Psychology - Re-alignment of Children's Centre budgets	50	50	50	50
S-CHS-08	SLE - Trident Work Experience	22	22	22	22
S-CHS-09	SLE - Adult College - External Funding	145	145	145	145
S-CHS-10	SLE - Vacant Admin Post	25	25	25	25
S-CHS-11	SLE - Adult College	80	80	80	80
S-CHS-12	CP&TC - Schools Data Packs	50	50	50	50
S-CHS-13	CP&TC - Joint Commissioning Unit	40	40	40	40
S-CHS-14	CP&TC - Policy & Performance - DSG Contribution to GM & HoS costs	80	80	80	80
S-CHS-15	Increase Income Generation at the Vibe	38	38	38	38
S-CHS-16	Q&SI - Community Music Service & Trewern	300	300	400	400
S-CHS-17	Q&SI - Advisory Teachers	300	300	300	300
S-CHS-18	Q&SI - Reduction in 2 Snr Advisor Posts	150	150	150	150
S-CHS-19	Q&SI - Westbury Centre & Admin - Reduction in Costs	50	50	50	50
S-CHS-20	Q&SI - School Improvement/Education Inclusion	300	300	300	300
S-CHS-21	Q&SI - Attendance - Realignment of under 5 services	30	30	30	30
S-CHS-22	Q&SI - Family Learning - Realignment of Services to support under 5's	50	50	50	50
S-CHS-23	Cross Division Savings - Travel & Accommodation	30	500	500	500

Total Childrens Services

2,423	2,943	3,093	3,093
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Customer Services

S-CUS-01	Fleet Department Contract Changes	810	810	810	810
S-CUS-02	Reduction of staff-costs during off-peak season	156	156	156	156
S-CUS-03	Staff restructure to achieve Target Operating Model	781	781	781	781
S-CUS-04	Deletion of managerial posts & reduction in support/admin.	1,053	1,053	1,053	1,053
S-CUS-05	Staff restructure in OSS/Contact Centre to achieve Target Operating Model	200	200	200	200
S-CUS-06	Efficiency savings in general housing	150	250	350	350

Total Customer Services

3,150	3,250	3,350	3,350
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SUMMARY OF SAVINGS

<u>Ref Number</u>	<u>Bid Description</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>onwards</u>
					<u>£'000</u>
Resources					
S-RES-01	Town Twinning	31	31	31	31
S-RES-02	Civic Reception	8	8	8	8
S-RES-03	Electoral Services - Supplies & Services	6	6	6	6
S-RES-04	Strategy & Performance - Employee Costs	50	50	50	50
S-RES-05	Strategy & Performance - Marketing & Comms	75	75	75	75
S-RES-06	Corporate Finance	250	250	250	250
S-RES-07	Human Resources - Realignment of Supplies & Services Budgets	40	40	40	40
S-RES-08	HR Management Information & Performance Reduction in Posts	35	35	35	35
S-RES-09	Occupational Health - Reduction in Posts	80	80	80	80
S-RES-10	Schools HR	20	20	20	20
S-RES-11	ICT market testing	100	100	100	100
S-RES-12	Health & Safety - Reduction in Posts	40	40	40	40
S-RES-13	Learning & Development - Reduction in Posts	80	80	80	80
S-RES-14	HR Recruitment - Reduction in Posts	50	50	50	50
S-RES-15	Various ICT Savings	400	400	400	400
S-RES-16	Regeneration & Economic Development - Reduction in Posts	200	200	200	200
S-RES-17	Accommodation Strategy	220	275	748	748
S-RES-18	Asset Strategy - Charge Staff to Capital	35	35	-	-
S-RES-19	Skill Mix Capital Delivery	50	50	50	50
S-RES-20	Printer Rationalisation	5	5	5	5
S-RES-21	Reduction in Use of Consultants	25	50	100	100
S-RES-22	Corporate Client Restructure	38	38	38	38
S-RES-23	Rationalisation of Term Contracts	6	6	6	6
S-RES-24	Vehicle Hire - Cleaning Service	3	3	3	3
S-RES-25	Grounds Maintenance	5	5	5	5
S-RES-26	Energy Management Capacity	19	19	19	19
S-RES-27	Water Dispensers	6	6	6	6
S-RES-28	Impact of 2% Vacancy factor Increase	618	618	618	618
S-RES-29	Reduction in Supplies & Services spend	305	305	305	305
Total Resources		2,800	2,880	3,368	3,368
Corporate					
S-CRP-1	Review of PA's across council Directors & HoS	70	70	70	70
S-CRP-2	Review of PPP teams	500	500	500	500
S-CRP-3	Reduction in Consultancy spend	370	370	370	370
S-CRP-4	Reduction in Mobile Phones & Blackberry's	60	60	60	60
Total Corporate		1,000	1,000	1,000	1,000
TOTAL ALL SAVINGS PROPOSALS					
TOTAL SAVINGS		14,023	15,149	15,937	15,937

2010/11 BUDGET SAVINGS & INVESTMENT**ADULT & COMMUNITY SERVICES DEPARTMENT****S-ACS-01 Support Services – Non staffing supplies & services budget
£250,000 Saving**

A full review of all supplies & services and support budgets has been undertaken. Efficient practices by adopting good housekeeping will enable savings targets to be realised. The saving represents a departmental reduction of 4% and will be realised from 1st April 2010.

**S-ACS-02 Neighbourhood Management
£750,000 Saving**

The Council proposes that the number of Neighbourhood Management staff be reduced to six. The purpose is to reduce expenditure while ensuring that the good community work already planned – including extensive celebrations for St George's Day – can go ahead.

**S-ACS-03 Parks Police
£200,000 Saving**

The Council proposes to use the money saved from a reduction in the Parks Police service to fund five additional Metropolitan Police Officers to serve the borough. The recommendation is being made in light of the Mayor of London's decision to reduce the number of police officers on the beat in Barking and Dagenham.

**S-ACS-04 Increase in Vacancy Factor
£250,000 Saving**

This saving will be realised through an increase of the staff vacancy factor to 3.33% of the department total, which is currently at over £30 million. Divisions will be expected to work to a reduced establishment budget, which in real terms equates to a delay of approx 1.5 weeks in recruitment of replacement employees.

**S-ACS-05 Contracted/Commissioned Services
£1,550,000 Saving**

A reduction of approx 5% of current spend on contracted and commissioned services. Savings will be realised in various areas including review, reduction or cessation of current contracts, a reduction in the inflation charge on contracts and a reduction of supporting people & residential care contracts of approximately 1% of total budget. The intention is to achieve savings by more efficient practices, without having a negative effect on community priorities and outcomes.

**S-ACS-06 Community Development & Halls
£90,000 Saving**

Savings will be realised by the transfer of assets from the council to the community association. The proposal is to phase the transfers over the next 3 years and will enable the halls to continue in their function without the need for closure. The transfer of community halls to community associations will increase the community capacity and assist towards the delivery of the borough's priority "Stronger Borough".

2010/11 BUDGET SAVINGS & INVESTMENT**S-ACS-07 Residential & Day care – Income charging from other Local authorities
£110,000 Saving**

Additional income will be generated from other local authorities who place their clients in LBBB day centres and residential homes – this amounts to approximately 10 clients at any one time, with an increase in charges of approx 15%. New charges will be levied from April 2010 and will have no negative impact on current service provision.

**S-ACS-08 5% Reduction in Staffing
£900,000 Saving**

A reduction of 1 in 20 posts across teams and services is proposed (excluding those areas under review or subject to large savings proposals). After all exclusions, a proposal of 30 reductions has been planned. A reduction in staff will impact on remaining staff, but with managerial support and motivation, the effects can be mitigated in the long run.

**S-ACS-09 Passenger Transport
£250,000 Saving**

The proposed saving will be achieved through a cross-cutting Value for Money review of the commissioning, provision and supply of vehicles for assisted transport. This saving has direct correlation with savings being earmarked in Children's services and Customer services.

**S-ACS-10 Leisure & Arts Services Reductions
£300,000 Saving**

The proposal to close the Crèche service and Images Salon will contribute towards these savings. This is alongside the increased income generation from the health & fitness suite. The proposed savings will not have a direct impact on the council's priorities or other services within the council's remit.

SUB TOTAL ADULT & COMMUNITY SERVICES SAVINGS £4,650,000

CHILDREN'S SERVICES DEPARTMENT**S-CHS-01 Integrated Family Services – Employee Costs
£33,000 Saving**

Due to the group manager taking on a wider corporate role in community engagement, 50% of the costs will be met by the Corporate Policy Division thus achieving the targeted savings. A more co-ordinated and streamlined approach can be implemented, however due to the reduced capacity, any engagement activity will need to be prioritised. Savings are expected to be realised as of April 2010.

2010/11 BUDGET SAVINGS & INVESTMENT**S-CHS-02 Head of Integrated Family Services – Employee Costs
£48,000 Saving**

Saving will be achieved by deletion of a post due to early retirement being taken. The roles and responsibilities of the existing post holder will be devolved to other staff within the department. Saving will be realised as of February 2010.

**S-CHS-03 Head of Integrated Family Services – Parenting Support
£32,000 Saving**

This saving comprises of three elements; Employee costs which relates to a Travellers Co-ordinator post, Transport costs in respect of the associated car allowance and Supplies and Services costs which refer to consumables and training. The Travellers co-ordinator is due to retire Oct 2009 and this post will not be filled with any duties being absorbed within Family Support Service.

**S-CHS-04 Head of Integrated Family Services – Portage – Employee Costs,
Premises & Supplies
£20,000 Saving**

The proposed savings are made up of a caretaker post, premises costs and a reduction in supplies and services. The current caretaker post will no longer be required when the service relocates to Mayesbrook Children's centre. The new premises will be more economical to run, hence realising savings on supplies & premises maintenance.

**S-CHS-05 Head of Integrated Family Services – Community Educational
Psychology Service – Employee Costs
£50,000 Saving**

Management of the Acorns early intervention service was transferred to integrated family services in January 2009. It is proposed to further develop the service as an additional resourced provision linked to the governance and management of a school. This will result in savings of at least £50,000 being realised.

**S-CHS-06 Safeguarding & Rights – Care Placements Efficiency Review
£500,000 Saving**

Current placement packages are more expensive than can be achieved in the current market. Packages will either be reduced or purchased elsewhere through improved planning & commissioning approaches. There will be increased joint working with Adult services on Transition planning leading to improved transition packages with less wastage. An increase in direct payments and the use of in-house foster carers will save £400 per placement per week over agency foster carers.

**S-CHS-07 Safeguarding & Rights – Educational Psychology – Realignment of
Children's Centre Budgets
£50,000 Saving**

Educational Psychologists will take on additional work to support children under 5 through the children's centre network. This will be done using the existing establishment. The

2010/11 BUDGET SAVINGS & INVESTMENT

extra income will be generated through an increase in commissioned support from children's centres.

**S-CHS-08 SLE – Trident Work Experience
£22,000 Saving**

The savings proposed are to be realised via an efficiency saving by increasing the unit charge made per student, for arranging work placements from £27 to £35. There should be no issue with schools buy back of service as the new rate is market tested and brings the unit charge in line with neighbouring boroughs.

**S-CHS-09 SLE – Adult College – External Funding
£145,000 Saving**

This saving proposal will be achieved by accessing a management fees component of external funding secured through the future jobs fund and the childcare affordability programme, and by absorbing these additional tasks within the existing staffing structure.

**S-CHS-10 SLE – Vacant Admin Post
£25,000 Saving**

This saving is being realised by deleting a vacant admin post from the establishment.

**S-CHS-11 SLE – Adult College
£80,000 Saving**

This saving is being realised by deleting a Group Manager post from the establishment.

**S-CHS-12 CP&TC – Schools Data Pack
£50,000 Saving**

This saving proposal is actually achieved through the income generation from the schools data packs, supplied to the schools through the course of the year. The current data post and an element of management costs will now be charged to schools directly.

**S-CHS-13 CP&TC – Joint Commissioning Unit
£40,000 Saving**

It is proposed that a new joint commissioning unit will be developed with the PCT and as such the PCT will pick up 50% of the Group manager costs. In principle the proposal has been agreed. The post is currently vacant, so recruitment will need to occur jointly across both organisations.

**S-CHS-14 CP&TC – Policy & Performance – DSG Contribution to GM & HoS Costs
£80,000 Saving**

Group Manager catering post and a percentage of the Head of Service post has been wrongly coded to council budgets when they should have come from within the DSG. This correction has been made and will be reflected post 01/04/10.

2010/11 BUDGET SAVINGS & INVESTMENT**S-CHS-15 Increase Income Generation at the Vibe
£38,000 Saving**

The proposal is actually an increase in income which is realised via the introduction of a charging policy for voluntary organisations using the Vibe Youth Centre.

**S-CHS-16 Q&SI – Community Music Service & Trewern
£300,000 Saving**

This service is currently heavily subsidised by the council by approx £630,000. The schools forum have agreed to raise their contribution in 2010/11 to cover this £300,000. In future year's greater emphasis will be placed on schools funding the services they consume.

**S-CHS-17 Q&SI – Advisory Teachers
£300,000 Saving**

The proposal is that 5 FTE posts will be provided via secondary schools/consortia to provide the non-core subject advisory support to schools.

**S-CHS-18 Q&SI – Reduction in 2 Senior Advisor Posts
£150,000 Saving**

The savings will be realised by not recruiting to two vacant senior advisor ICT posts. The posts will be removed from the establishment.

**S-CHS-19 Q&SI – Westbury Centre & Admin – Reduction in Costs
£50,000 Saving**

The saving proposal includes the removal of one FTE admin post, with the addition of extra income and efficiencies through reduced opening hours.

**S-CHS-20 Q&SI – School Improvement/Education Inclusion
£300,000 Saving**

A review of these services has taken place along with consultation with schools. Indicative savings of £300k have been put forward based on a prudent assessment of the reduction that can be made in this area.

**S-CHS-21 Q&SI – Attendance – Realignment of Under 5 Services
£30,000 Saving**

The attendance services for children under 5 will be developed as part of the Sure Start children's centres, but will be provided within the current establishment.

2010/11 BUDGET SAVINGS & INVESTMENT**S-CHS-22 Q&SI – Family Learning – Realignment of Services to support under 5's
£50,000 Saving**

The Family Learning team will take on additional work to support children under 5 through the children's centre network. This will be done within the current establishment and the income will be realised via additional commissioned support from the family learning team.

**S-CHS-23 Cross Division Savings – Travel & Accommodation
£30,000 Saving**

The saving in 10/11 is estimated at £30,000 but will increase to £500,000 over the following year once the whole transport review has been performed. Initial changes have a prudent estimate of current year savings.

SUB TOTAL CHILDREN'S SERVICES SAVINGS £2,423,000

CUSTOMER SERVICES DEPARTMENT**S-CUS-01 Fleet Department Contract Charges
£810,000 Saving**

The review of the fleet management has enabled a reduction in overhead and utility charges, a reduction in the number of spot hire rentals and a reduction in 10 members of workshop staff. Many of the high maintenance unreliable vehicles will be replaced and the 100+ vehicles on daily rental agreements will be replaced with medium/long term leases from a new supplier. Proposed changes to the fleet department should not impact on the service provided but should strengthen the customer and supplier management through more efficient working.

**S-CUS-02 Reduction of Staff-Costs during Off Peak Season
£156,000 Saving**

The savings proposals in this area will be realised by re-organising the staff establishment on Parks & Green spaces maintenance. In real terms, the savings are equivalent to 12.5 FTE, but no redundancies are proposed. During the winter months when the maintenance on green spaces reduces, staff can be utilised in street cleansing, hence reducing the amount of agency staff in that area. In summer Months, they can be moved back to parks. The efficient utilisation of staff time will enable these savings to be realised without impact to staff or service provision.

**S- CUS-03 B&D Direct Staff Restructure efficiency working practices
£781,000 Saving**

The whole of Barking & Dagenham Direct including the Call Centre & One Stop Shop has undergone a full review. The proposed savings will be achieved through an efficient increase in working practices, by eliminating internal transfers, duplication of work and non-value added tasks. The combined salary budgets for council tax and housing benefit will see a saving of £495k, which equates to a 20% efficiency target. The reduction in 11

2010/11 BUDGET SAVINGS & INVESTMENT

Customer service officers will realise £286k saving with the remaining savings coming from efficiencies across the service.

**S-CUS-04 Deletion of Managerial posts & Reduction in Support/Admin
£1,053,000 Saving**

As part of the B&D Direct review, it is expected that 23 FTE posts can be deleted and 6FTE can be added at a lower grade. The restructure of staff grades will increase the span of control and remove higher graded managers. The service will be re-aligned to facilitate the business process improvement and the introduction of modern ways of working.

**S-CUS-05 Staff restructure in OSS/Contact Centre
£200,000 Saving**

The restructure of management roles will increase the span of control at two levels. In addition to the three senior managers, it is also proposed that a training & development officer and complaints officer will be deleted. There will be an increased workload on other staff to absorb either the work or line management responsibility, but with more efficient practices, this should be mitigated.

**S-CUS-06 Housing General Fund Efficiency review
£150,000 Saving**

The savings will be realised through a range of measures A £60k reduction will take place in the service and supplies budget. A £25k charge of salaries to external grant will be implemented. A £15k change will be made to support services at Boundary Road Hostel that will replace the homeless out of hours service currently provided on overtime and provide supporting people services to residents thus allowing a £50k reduction in the contribution to supporting people.

SUB TOTAL CUSTOMER SERVICES SAVINGS £3,150,000

RESOURCES DEPARTMENT**S-RES-01 Staff costs, Suppliers and services cuts
£31,000 Saving**

It is proposed to make a total saving of £31,000 by reducing staff costs along with cutting supplies and services. This saving option is not envisaged to have any measurable impact on the Council's Priorities, as officers will be implementing more efficient ways of working. Savings are expected to be realised from April 2010 onwards.

**S-RES-02 Removal of Civic Reception
£8,000 Saving**

All related costs will be subsidised by private sponsorship. If no private sponsorship can be found then this event will not take place next year. Saving should start from April 2010

2010/11 BUDGET SAVINGS & INVESTMENT

onwards. Value for Money demonstrated as the service is trying to be maintained at no extra cost the council.

**S-RES-03 Efficiency savings across the electoral services
£6,000 Saving**

Supplies and services budgets need to be cut by £6000; this can be achieved through efficiency savings through the year without any measure-able impact on services. Saving should start from April 2010 onwards.

**S-RES-04 Performance, Policy and Programmes teams review
£50,000 Saving**

Staff posts will be reviewed as part of the Performance, Policy and Programmes review for 2010 and beyond. Corporate policy/performance functions will be impacted. Some activities may need to be scaled down and ordered by priority indicators to ensure that this saving is met. The service is not currently providing adequate value for money and therefore needs to be re-aligned so that it can provide greater value for money.

**S-RES-05 Salaries, Income and Recharges
£75,000 Saving**

Through the appointment of two new members of the Marketing Team, it is estimated that a significant saving will be generated by reducing cost of commissioning work to external agencies. This would also increase the team's corporate capacity enabling them to deliver a comprehensive service. Savings should be realised before the end of this financial year (2009-2010). Value for Money will also be achieved an improved service will be delivered without any additional cost.

**S-RES-06 Finance review
£250,000 Saving**

This saving will be generated mainly through a reduction in staffing primarily in Accountancy functions. Council priorities should not be impacted as the majority of savings will arise through smarter ways of working particularly through system improvements and efficiencies. The savings realised will go towards meeting the Council's efficiency targets. Reduction in staffing levels may result in an increased workload in division if changes are not implemented effectively. Savings should be realised in April 2010.

**S-RES-07 Realignment of supplies and services budgets (HR)
£40,000 Saving**

Reduction in expenditure on supplies and services, enabled through co-location in open plan offices, as part of Accommodation strategy. Along with more efficient deployment of resources such as printers should help achieve this saving. The saving should be realised between April and July depending on when office moves take place.

2010/11 BUDGET SAVINGS & INVESTMENT**S-RES-08 Reduction of post (HR)
£35,000 Saving**

This saving will be achieved by deletion of a single post in the Management Information & Performance team, investment in Discoverer reporting tool is expected to reduce the volume of work in the team. No serious impact on performance and Council objectives are expected.

**S-RES-09 Reduction of two posts in Occupational Health
£80,000 Saving**

Deletion of two vacant posts will help achieve this savings target. No serious impact is expected on the performance or objectives of the council. Saving to be realised April 2010

**S-RES-10 Income Generation in Schools HR
£20,000 Saving**

This is not a saving but an opportunity to generate additional income, by selling more services to schools.

**S-RES-11 ICT Contract
£100,000 Saving**

A £100k saving will be realised on the letting of the contract for ICT which is expected to take place in July/August. Initial bids suggest that the saving will be significantly more than this,

**S-RES-12 Reduction of single post in Health and Safety
£40,000 Saving**

Redundancy of one post holder will help achieve this saving target. No serious impact is expected on the performance or objectives of the council. Saving should be realised in April 2010.

**S-RES-13 Learning and Development posts reduction
£80,000 Saving**

This saving will be achieved by the deletion of two posts in the department. A zero based review of L&D function is underway to improve efficiency and effectiveness. A significant impact on service is not expected as through tighter prioritisation of activities, performance levels should be maintained. From April 2010, this saving should be realised.

**S-RES-14 Recruitment posts reduction
£50,000 Saving**

Deletion of 1.6 posts being carried out, along with investing in the I-Grasp e-recruitment system to reduce administrative costs. Savings are expected to start in April 2010 without any significant impact on performance levels.

2010/11 BUDGET SAVINGS & INVESTMENT**S-RES-15 Various ICT savings
£400,000 Saving**

This saving will be realised in various areas. £100,000 will be saved from the decommissioning of the old mainframe system that took place in 2009/10. Associated licences and leasing costs can also now be saved as a result of this, and along with changes to IT support, will realise a further £300,000 saving.

**S-RES-16 Deletion of posts in Regeneration and economic development
£200,000 Saving**

Deletion of three vacant posts along with one redundancy/retirement makes up this saving. No significant impacts are expected on the performance of the service however, further loss of posts beyond this level may start to have an impact. Savings can be realised as soon as April 2010 depending on how quickly redundancy procedures are started. Initial redundancy costs are estimated to be around £100,000.

**S-RES-17 Accommodation strategy
£220,000 Saving**

The underlying drive for this saving is to reduce the number of office properties occupied by the council. Asset base will reduce leading to a possible reduction in the number of support staff required. The target date for realising the saving is yet to be established. But it is envisaged to generate savings of approx £750,000 within three years.

**S-RES-18 Asset strategy, capitalisation of staff costs
£35,000 Saving**

This saving arises from a reduction in staff costs in the asset management budget as a result of staff working on the accommodation project which is funded from the capital programme.

**S-RES-19 Skill mix capital delivery
£50,000 Saving**

This saving arises from better use of professional staff (architects, engineers) to deliver revenue and capital projects, which has enabled a reduction in staffing levels.

**S-RES-20 Printer Rationalisation
£5,000 Saving**

Estimated saving of £5,000 in 2010/11 and £15,000 over three year period. Driven by a rationalisation of the printers used in the department and a removal of the more expensive printers. This initiative/saving will contribute towards better ways of working. Savings will be realised as soon as the office moves are completed in line with the Accommodation strategy.

2010/11 BUDGET SAVINGS & INVESTMENT**S-RES-21 Reduction in use of consultants
£25,000 Saving**

Estimated saving of £25,000 in 2010/11 and £175,000 over three year period, this will be achieved by using less consultancy support and negotiating a better unit rate for the support which will be used. The consultant's framework is currently in the process of being re-tendered, with a saving of 10% expected through this process. Performance will be maintained but sourced differently. Savings will be realised from April 2010, once the framework renewal is completed.

**S-RES-22 Reduction of group staff costs as a result of restructure
£38,000 Saving**

This saving will be generated by rationalising the total number of staff within the corporate client. Improved ways of working should be implemented helping to achieve the target. High level of performance will be maintained across the council and its partners. Savings can be realised as of now.

**S-RES-23 Rationalisation of Term Contracts
£6,000 Saving**

By combining contracts, the cost of producing and presenting individual contracts will be reduced. Additional savings can be achieved by cutting out time and effort spent by staff on individual term contracts. If however one of the combined contracts is not successful then the whole process would have to be repeated incurring extra cost.

**S-RES-24 Vehicle hire – cleaning service
£3,000 Saving**

A reduction in non pay budgets for cleaning hired vehicles in asset strategy. Through more efficient operation should generate cash savings of approx £3k. Carbon management plan and greener Council priorities will also be achieved.

**S-RES-25 Grounds Maintenance
£5,000 Saving**

A reduction in non pay budgets for grounds maintenance in asset strategy and through more efficient operation of the service should generate cash savings of approx £5k.

**S-RES-26 Energy Management Capacity
£19,000 Saving**

By being more energy efficient, reducing energy consumption which in turn cuts carbon emissions should generate material savings. Due to the reduction of carbon emissions, the LBBB surplus allocation can be traded with other public bodies to generate income.

**S-RES-27 Water Dispensers
£6,000 Saving**

2010/11 BUDGET SAVINGS & INVESTMENT

Savings can be achieved by improved procurement. By replacing the existing units and servicing contracts with LB of Waltham Forest framework for chilled portable water dispensers.

**S-RES-28 Various savings – Resources budgets
£618,000 Saving**

Resources services have reduced their staffing budgets by 2% following a review of vacant posts. This will enable the services to continue to be delivered at the same level at a lower cost, saving approximately £300,000. The service has also reviewed the contractual arrangements in respect of agency staff to enable a £200,000 saving. A review of the Corporate Management Unit budget has enabled a saving of £100,000.

**S-RES-29 Supplies and services savings – Resources budgets
£305,000 Saving**

A reduction in supplies and services budgets has been made of 5% across the whole department.

SUB TOTAL RESOURCES SAVINGS £2,800,000

CORPORATE

**S-CRP-01 Review of PAs across Council (Directors & HoS)
£70,000 Saving**

A review of Personal Assistants across the organisation was undertaken, resulting in Heads of Service sharing PA support, realising a saving.

**S-CRP-02 Review of Performance, Policy and Programmes (PPP) Teams
£500,000**

A review of PPP teams has been undertaken across the whole organisation, resulting in the centralisation of these resources. As a result, efficiency gains can be made enabling a £500k saving to be realised.

**S-CRP-03 Reduction in Consultancy Spend
£370,000**

A central expenditure panel has been created to review all consultancy arrangements on a regular basis. This tightened control is aimed at reducing usage by at least 10% ensuring that this saving can be made.

**S-CRP-04 Reduction in Mobile Phones and Blackberrys
£60,000**

Tighter control of the usage of mobile phones and Blackberrys will realise a saving of £60k in 2010/11.

2010/11 BUDGET SAVINGS & INVESTMENT

SUB TOTAL CORPORATE SAVINGS	<u>£1,000,000</u>
OVERALL SAVINGS TOTAL	<u>£14,023,000</u>

2010/11 BUDGET SAVINGS & INVESTMENT**ADULT & COMMUNITY SERVICES DEPARTMENT****BP-ACS-03 Dagenham Library/One stop shop
£600,000 Investment**

Additional resources are required to fund the ongoing running costs of the new Dagenham Library & one stop shop. The investment is carried forward from the previously approved budget model from 2009/10.

**BP-ACS-04 Becontree Heath Leisure Centre
£400,000 Investment**

Additional resources are required to fund the borrowing costs of the new Becontree Heath Leisure centre. The investment is carried forward from the previously approved budget model from 2009/10.

**BP-ACS-05 Valence House Museum Education Programme
£168,000 Investment**

This investment is carried forward from a previously agreed budget process and relates to the recurring costs arising from the the refurbishment of Valence House Museum.

**BP-ACS-06 Domestic Violence Advocacy Services
£100,000 Investment**

There is a need to enhance current DV advocacy service and contract the service out to the voluntary sector. The extra funding will significantly reduce the risk of DV related homicides, improve safety for victims and achieve LAA indicator NI32.

**BP-ACS-07 Dementia Services – Residential Care
£250,000 Investment**

Responding to dementia and the subsequent care needs represents one of the biggest pressures on both the Adults care and council budgets. A bid for £500k was submitted as part of the 09/10 budget process and was approved on the basis that £250k be granted in 2009/10 and the remaining £250k in 2010/11.

CUSTOMER SERVICES DEPARTMENT**BP-CUS-07 Temporary Accommodation
£700,000 Investment**

In light of the recent financial exercise to properly align budgets, the implications of new housing benefit regulations and the business process re-engineering of the temporary accommodation service, there will be a significant shortfall in the housing advice service budget in 2010/11. Additional funds are requested to meet the shortfall, allow the appointment of an additional member of staff to work on temporary accommodation income recovery and allow adequate provision for void properties.

2010/11 BUDGET SAVINGS & INVESTMENT**RESOURCES DEPARTMENT****S-RES-01 Local Elections 2010
 £250,000 Investment**

Budget provision is required to meet the anticipated costs of the local elections in May 2010. Ongoing resources are also required to address the full effects of the electoral administration act which imposes additional provisions in relation to registration and election matters.

OVERALL INVESTMENT TOTAL**£2,468,000**

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Medium Term Financial Strategy

	Recurring or non-recurring	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
Budget increases:					
Statutory obligations/implications of economic climate:					
Pension Fund revaluation	R	750	750	750	
ELWA Levy	R	320	560	800	
Reduction in interest on balances	R	500			
Provision for inflation	R	0	4,500	4,500	4,500
		1,570	5,810	6,050	4,500
Financial implications of Council approved decisions:					
Capital Programme - capital financing costs	R	2,750	2,250	2,250	
Contribution to support Council Budget from 9/10	R	500			
Skills Centre	R	800			
Dagenham Library and One Stop Shop	R	600	600		
Valence House Musuem	R	168			
Becontree Heath Leisure Centre	R	400	200		
Youth Access Card	R	0	278		
Building Schools for the Future	NR	700		(1,200)	
		5,918	3,328	1,050	0
Financial implications of Future Investment:					
Local & National Elections	R	250	(190)		
Domestic Violence	R	100			
Dementia Services	R	250			
Temporary Accomadation	R	700	285		
Provision for future investment and risks	R		1,500	1,250	1,000
Affordable level of internal investment in the capital strategy	R		1,000	1,000	1,000
		1,300	2,595	2,250	2,000
Investment required to ensure budget is robust:					
Corporate provision to cover redundancy costs	NR	2,000			
General reserves	NR	2,000	1,000	500	
Central Invest to Save Fund	NR	1,000	1,000		(2,000)
Contingency to cover budget risks	R	3,290			
		8,290	2,000	500	(2,000)
Total Additional Costs (A)		17,078	13,733	9,850	4,500
Additional Income					
Formula Grant	R	3,578	(6,000)	(6,000)	(6,000)
Council Tax	R	0	1,500	1,500	1,500
Reduction in Collection Fund deficit	R	(500)	190		
Total Additional Income (B)		3,078	(4,310)	(4,500)	(4,500)
Budget Gap (A less B)		14,000	18,043	14,350	9,000
Savings:					
Departmental Savings					
2010/11 departmental savings	R	10,960	0	0	0
Departmental procurement savings identified	R	2,040	978	825	885
Customer Services	NR	0	1,200	0	(1,200)
Average 3% service efficiency requirement for all services from 2011/12 onwards for 5 years (indicative at this stage)	R	0	4,000	4,000	4,000
		13,000	6,178	4,825	3,685
Corporate Savings and Efficiency					
Strategic Partnering Savings (indicative based on current information)	R		3,790	2,125	450
Accommodation Review future savings identified (indicative based on current information)	R		95	403	886
Corporate Savings - including Performance review, Administration review, consultancy costs, mobile phones and blackberry costs	R	1,000			
		1,000	3,885	2,528	1,336
Total Savings		14,000	10,063	7,353	5,021
Budget Gap including savings		0	7,980	6,997	3,979

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Appendix C

Outcomes	Success Measures (LAA indicators in bold type)	Historical data	Latest data	Direction of Travel	Target 2009/10	Target 2010/11
SAFE						
<i>Fewer young offenders</i>	NI 111 First time entrants to the Youth Justice system aged 10-17	2370 (07/08)	1910	better	2274	2230
<i>Reduced re-offending rates</i>	NI 19 Rate of proven re-offending by young offenders	Not collected – new for 2008/09	0.81	n/a	To be agreed	To be agreed
	NI 30 Re-offending rate of prolific and priority offenders	Not collected – new for 2008/09	1.07%	n/a	15% reduction in offences by cohort	To be agreed
	NI 32 Repeat incidents of domestic violence	Not collected – new for 2008/09	51.89%	n/a	n/a	28%
<i>People feel safer in their neighbourhoods</i>	NI 40 Drug users in effective treatment	429 (07/08)	467	better	472	496
	NI 15 Serious violent crimes per 1,000 population	Not collected – new for 2008/09	1.84	n/a	1.78	1.73
	NI 16 Serious acquisitive crimes per 1,000 population	Not collected – new for 2008/09	28.56	n/a	25.28	25.06
	NI 17 perceptions of anti-social behaviour	Not collected – new for 2008/09	39.1%	n/a	n/a	34.30%

								survey)	
	NI 21 Dealing with concerns about anti-social behaviour (ASB) and crime by the local council and police	Not collected – new for 2008/09	29.7%	n/a	n/a (biennial survey)	35.70%			
<i>Children feel safer</i>	Children’s perceptions of feeling safe (Ofsted TellUs survey)	62% (2007)	61%	worse	Not set	Not yet set			
<i>Reduced anti-social behaviour</i>	NI 21 Dealing with concerns about anti-social behaviour (ASB) and crime by the local council and police	Not collected – new for 2008/09	29.7%	n/a	n/a (biennial survey)	35.70%			
	NI 49(i) Total number of primary fires per 100,000 population	297.50 (2006/07)	232.43	better	221.65				
<i>Improved roads and footpaths</i>	NI 49(ii) Total number of fatalities due to primary fires per 100,000 population	0.60 (2007/08)	0.60	no change	London Fire Brigade have not set target	London Fire Brigade have not set target			
	NI 49(iii) Total number of non-fatal casualties (excluding precautionary checks) per 100,000 population	22.90 (2007/08)	14.38	better	22.16				
	NI 5 Overall/general satisfaction with the area	47% (2006/07)	56.6%	better	n/a (biennial survey)	65%			

	NI 168 Principal roads where maintenance should be considered	2% (2007/08)	3%	worse	4%	5%
	NI 169 Non-principal roads where maintenance should be considered	2% (2007/08)	4%	worse	6%	7%
CLEAN						
Cleaner streets and improved public spaces	NI 5 Overall/general satisfaction with the area	47% (2006/07)	56.6%	better	n/a (biennial survey)	65%
	NI 195a Improved street and environmental cleanliness: Litter	Not collected – new for 2008/09	4.74%	n/a	10%	10%
	NI 195b Improved street and environmental cleanliness: Detritus	Not collected – new for 2008/09	11.19%	n/a		
	NI 195c Improved street and environmental cleanliness: Graffiti	20% (2007/08)	3%	better	4%	4%
	NI 195d Improved street and environmental cleanliness: Flyposting	2% (2007/08)	0.37%	better	2%	2%
	NI 196 Improved street and environmental cleanliness (fly tipping)	2 (2007/08)	4 'Poor'	worse	'Effective'	'Effective'
	Satisfaction with parks & open spaces (Place Survey)	66% (2006/07)	46.4%	worse	Not set	Not yet set

Reduction in amount of waste going to landfill	NI 191 Residual household waste per household	992.10kg (2007/08)	856.95kg	better	Not set	Not yet set
	NI 192 Percentage of household waste sent for reuse, recycling & composting	20.41% (2007/08)	25.05%	better	27%	31%
	NI 185 CO2 reduction from Local Authority operations	26,403,567kg (2008/09)	Awaiting data		To be agreed	To be agreed
FAIR AND RESPECTFUL						
Increased involvement and influence in public services	NI 4 Percentage of people who feel they can influence decisions in their locality	39% (2006/07)	37%	worse	n/a (biennial survey)	42%
	NI 1 % people who believe people from different backgrounds get on well together	47% (2006/07)	49.1%	better	n/a (biennial survey)	54.10%
More people feel that people from different backgrounds get on well together	NI 23 Perceptions that people in the area treat one another with respect and dignity	Not collected – new for 2008/09	59.2%	n/a	n/a (biennial survey)	49.20%
	NI 6 Participation in regular volunteering	Not collected – new for 2008/09	16%	n/a	n/a (biennial survey)	17%
Stronger ties within the community						

HEALTHY

<i>People enjoy longer and healthier lives</i>	NI 121 Mortality rate from all circulatory diseases at ages under 75	104.06 (2007)	101.33	better	98	97
	NI 123 16+ current smoking prevalence	Not collected – new for 2008/09	1022	n/a	979	980
<i>Reduction in number of teenage pregnancies</i>	NI 112 Under 18 conception rate	60 (2007)	Data due March 2010		28.20	24.6
	NI 52a Take up of school lunches – Primary schools	49.5% (2007/08)	52.6%	better	52.3%	53%
<i>Reduced childhood obesity</i>	NI 52b Take up of school lunches – Secondary schools	46.9% (2007/08)	48.1%	better	52.7%	53%
	NI 56 Percentage of children in Year 6 with height and weight recorded who are obese	23.91% (2007/08)	Data due December 2009		24%	24%
<i>Improved mental well-being for children</i>	NI 57 Children's participation in high quality PE and sport	Not collected – new for 2008/09	86%	n/a	Not set	Not yet set
	NI 51 Effectiveness of Child and Adolescent Mental Health Service (CAMHS)	Not collected – new for 2008/09	12	n/a	16	16

	NI 57 Children's participation in high quality PE and sport	Not collected – new for 2008/09	86%	n/a	Not set	Not yet set
Reduced health inequalities	NI 8 Adult participation in sport and active recreation	15.52% (2007/08)	Data due December 2009		Not set	Not yet set
	NI 54 Services for disabled children		Indicator introduced in 2009/10			
People have more choice and control about how they get care and associated services	NI 121 Mortality rate from all circulatory diseases at ages under 75	104.06 (2007)	101.33	better	98	97
	NI 130 Social Care clients receiving Self Directed Support per 100,000 population	248.46 (2007/08)	355.5	better	30% (change to data collection)	45% (change to data collection)
	NI 138 Satisfaction of people over 65 with both home and neighbourhood	47% (2006/07)	63.2%	better	n/a (biennial survey)	73%
An environment where people thrive as they age						

PROSPEROUS			
			To be set following release of baseline data
		Data release date unknown	
More people in work and in better paid jobs	NI 116 Proportion of children in poverty	Not collected – new for 2008/09	
	NI 150 Adults in contact with secondary mental health services in employment	Not collected – new for 2008/09	2.6% (provisional)
	NI 151 Overall employment rate	68.80% (2007/08)	64%
	NI 152 Working age people on out of work benefits	18.11% (2007)	18.18%
	NI 153 Working age people on out of work benefits in worst performing areas	27.19% (2007)	26.6%
Better skilled workforce	NI 173 Flows on to incapacity benefits from employment	0.73% (2007/08)	Data due December 2009
	NI 163 Working age population qualified to at least level 2 or higher	53.03% (2007)	54.60%
Fewer young people not in education, employment or	NI 45 Young offenders' engagement in suitable education, training and employment	84.26%	78.54%

training (NEET)	NI 117 16-18 year olds who are NEET	9.70% (2007)	8.90%	better	8.50%	8%
	NI 148 Care leavers in education, employment or training	58.30%	49.20%	worse	58%	59%
Increase in number of business start ups in area	NI 171 VAT registration rate	41.10 (2007)	Data due December 2010		41.10	41.51
	NI 172 VAT registered businesses in the area showing growth	13.35% (2007)	Data due March 2010		0.76%	0.74%
More homes, especially affordable homes	NI 149 Adults in contact with secondary mental health services in settled accommodation	Not collected – new for 2008/09	36.3%	n/a	90%	95%
	NI 154 Net additional homes provided	815 (2007/08)	373	worse	1190	1190
	NI 155 Number of affordable homes delivered (gross)	420 (2007/08)	262	worse	595	595
Increased number of homes meeting the decency standard	NI 5 Overall/general satisfaction with the area	47% (2006/07)	56.6%	better	n/a (biennial survey)	65%
	NI 158 % non-decent council homes	39.90% (2007/08)	35%	better	31%	Not yet set

INSPIRED AND SUCCESSFUL YOUNG PEOPLE							
Improved educational qualifications by age 16	NI 72 Achievement of at least 78 points across the Early Years Foundation Stage with at least 6 in each of the scales in Personal Social and Emotional Development and Communication, Language and Literacy	40% (2007/08)	47%	better	41%	Not yet set	
	NI 73 Achievement at level 4 or above in both English and maths at Key Stage 2 (threshold)	60% (2007/08)	71% (provisional)	better	76%	Not yet set	
	NI 75 Achievement of 5 or more A*-C grades at GCSE or equivalent including English and Maths (threshold)	39.20% (2007/08)	44.5% (provisional)	better	45%	Not yet set	
	NI 87 Secondary school persistent absence rate	5.8%	Data due February 2010		7%	Not yet set	
	NI 92 Narrowing the gap between the lowest achieving 20% in the Early Years Foundation Stage Profile and the rest	32.9% (2007/08)	33.5%	worse	29.3%	29.1%	
	NI 93 Progression by 2 levels in English between Key Stage 1 and Key	81.2%	Data due May 2010		86%	Not yet set	

Stage 2						
NI 94 Progression by 2 levels in Maths between Key Stage 1 and Key Stage 2	79.4% (2007/08)	Data due May 2010	82%	Not yet set		
NI 99 Children in care reaching level 4 in English at Key Stage 2	37.5% (2007/08)	38.5%	90%	Not yet set		
NI 100 Children in care reaching level 4 in Maths at Key Stage 2	50% (2007/08)	38.5%	70%	Not yet set		
NI 101 Children in care achieving 5 A*-C GCSEs or equivalent) at Key Stage 4 (including English and Maths)	10% (2007/08)	9.4%	53.3%	Not yet set		
NI 102a Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stage 2	13.4% (2007/08)	Data due June 2010	12.5%	12%		
NI 102b Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stage 4	17.8% (2007/08)	Data due February 2010	14.2%	13.8%		

Increased level 2 & 3 qualifications at age 19	NI 80 Achievement of a level 3 qualification by the age of 19	31.18% (2007/08)	Data due May 2010	36%	38%
	NI 81 Inequality gap in the achievement of a level 3 qualification by the age of 19	8% (2007/08)	Data due May 2010	Not set	Not yet set
	NI 82 Inequality gap in the achievement of a level 2 qualification by the age of 19	60.88% (2007/08)	Data due January 2010	Not set	Not yet set
	NI 110 Young people's participation in positive activities	Not collected – new for 2008/09	n/a	77.40%	81%
ONE BARKING & DAGENHAM					
Delivering Customer Service Excellence	NI 14 Avoidable contact: the average number of customer contacts per received customer request	Not collected – new for 2008/09	n/a	55%	50%
	NI 179 Value for money – total net value of on-going cash-releasing value for money gains that have impacted since the start of the 2008-09 financial year	Not applicable – reporting gains from 2008/09	n/a	3%	4%
Improving Value for Money	Perception that the Council provides value for money	Not collected – new for	38% (baseline)	Not set	Not yet set

Delivering Organisational Culture Change		2008/09					
	Average days lost per employee per year through sickness absence	10.62 (2007/08)	10.27	better	9.5	<9.5	
	Overall satisfaction rate of staff in their current job	63% (2006)	Awaiting survey	n/a	Not set	+3%	
	Percentage of staff who agreed they felt proud to work for the Council	43% (2006)	Awaiting survey	n/a	Not set	Not set	

THE EXECUTIVE

16 FEBRUARY 2010

REPORT OF THE CORPORATE DIRECTOR OF FINANCE AND COMMERCIAL SERVICES

This report is submitted under Agenda Item 11. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order to avoid any delay in the setting of the Capital Programme as part of the Council's overall budgetary framework for 2010/11.

Title: The Capital Programme 2010/11 to 2013/14	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 attention of the Executive is drawn to two key changes in the programme proposed for 2010/11 onwards. Firstly, an exercise of re-prioritisation of capital schemes has been undertaken, with the resources identified as available for re-direction funding a programme of New Council House Building. This has been incorporated into the programme. Secondly, this report proposes that the balance of funding needed for the Skills Centre is included in the capital programme to ensure that this scheme progresses, although members are asked to note that external funding will continue to be sought for this scheme.</p> <p>As a result of these changes, the resulting capital programme totals £394m for the financial years 2010/11 to 2013/14. Funding proposals for this programme have identified that £318m can be funded from external sources (£219m of this is in respect of Children's Services – Primary Schools Investment and Building Schools for the Future and £59m of this is in respect of the Major Repairs Allowance for Housing), and the balance of £76m is to be met from borrowing funded by the Council.</p> <p>An allowance has been factored into the revenue budget model to enable the Council to borrow over the next four years to support capital expenditure. This allowance will enable borrowing of £60m to be funded corporately, with the balance being 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 2009/10, detailed discussions have taken place regarding the key priorities for capital investment by officers and Members. This provided a framework for to enable the production of the updated capital programme.</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. It is assumed in the production of this report that no additional capital receipts will become available to fund future capital investment.</p> <p>The additional schemes proposed in this report have been subject to review by the Capital</p>	

Programme Monitoring Office (CPMO). However, these schemes will still need to achieve 5 green lights before expenditure can be incurred.

Wards Affected: All Wards

Recommendations

The Executive is asked to :

- (i) Note the position of the 2009/10 Capital Programme as detailed in **Appendix A**;
- (ii) Note the current capital accounting arrangements and prudential indicator capital guidelines as set out in section 3; and
- (iii) Recommend the Assembly to approve:
 - a. The overall Council Capital Programme for 2010/11 to 2013/14 as detailed in **Appendix B**, which includes New Build Council Housing funding of £10.011m (£0.307m in 2009/10) and Skills Centre funding of £13.409m (£0.491m in 2009/10);
 - b. The Prudential Indicators for the Authority as set out in **Appendix C**.

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 £76m to fund a capital programme for the financial years 2010/11 to 2013/14. The proposed programme is considered to be both prudent and affordable to the Council and the revenue implications of this borrowing having been taken into account in setting the revenue budget and Medium Term Financial Strategy.

Legal:

The Executive is asked to recommend the capital programme for 2010/11 and the stated Prudential Indicators to the Assembly for adoption. The current regime of capital finance grants local authorities freedoms to make relevant decisions save that they must act in accordance with proper accounting practices. Proper practices which have been defined in Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as the accounting practices contained in "A Statement of Recommended Practice: Code of Practice on Local Authority Accounting in the United Kingdom" and the "Best value Accounting Code of Practice". Local authorities are also required to have regard to the "Prudential Code for Capital Finance in Local Authorities" and "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes".

Members will note that the capital program for 2010-2011 is proposed to be funded from a combination of external funding such as grants and borrowing. In relation to borrowing section 3 Local Government Act 2003 requires local authorities to determine and review how much it can afford to borrow (the affordable borrowing limit). In the Treasury Management Strategy report also before the Executive on 16 February 2010 it is confirmed

that the authorised borrowing limit is £200million for 2010/11. The proposed level of borrowing is within the authorised limit. In terms of governance arrangements members will note that the capital program is subject to ongoing review by the Capital Programme Management Office (CPMO).

Members will wish to consider the affordability of the programme and that the programme will assist the council to fulfil its objectives for residents.

Contractual:

No specific implications.

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 be overspends 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.

Customer Impact:

No specific implications.

Safeguarding Children:

No specific implications.

Crime and Disorder:

No specific implications.

Property/Assets:

The Capital Strategy is linked to the Property Asset Management Plan.

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.

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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. The Medium Term Financial Strategy has set aside revenue funding to enable the Council to fund borrowing over the period from

2010/11 to 2013/14. 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. The generation of capital receipts is currently limited due to the economic downturn, so the capital programme does not rely on generation of capital receipts for its funding.
- 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 2010/11 to 2013/14 needs to take account of:
 - the approved programme agreed in the 2009/10 budget;
 - any new approvals, deletions or re-profiling of schemes throughout 2009/10;
 - identification of any capital requirements for 2010/11 and beyond.
- 1.6. The purpose of this report is to enable the Executive to propose a capital programme for approval by Assembly on 24 February 2010.

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 part of the Medium Term Financial Strategy which is subject to a separate report. 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.

In 2009/10 economic conditions were not favourable for asset disposals. Market

conditions are starting to improve and land sales will be considered in 2010/11.

- 2.3 The Property and Asset Management Plan is integral to the Council's future capital investment planning process. It provides essential information in determining capital investment needs.
- 2.4 The formulation of the 2010/11 – 2013/14 capital programme has taken account of the Council's Property and Asset Management Plan and consequently capital schemes are assessed and approved on the basis of this strategy.

3. 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 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:

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

- 3.7 In the previous 5 years, this has had a significant impact on the Council's financial position. Prior to 2004, all capital receipts were kept and contributed to the Council's buoyant financial position and debt free status. Post-2004, the Council's capital balances have reduced as receipts have been pooled to central government.
- 3.8 From 2010/11 onwards, the impact of pooling for the Council will be limited – due to adverse economic conditions, land sales and right to buy receipts will be limited over the coming years. However, as the market starts to improve, this impact may increase again.
- 3.9 Capital expenditure plans proposed in this report, along with existing capital investment plans, require the Council to borrow £76m over the period 2010/11 – 2013/14.

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

Affordability

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

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

Prudence

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

- Net borrowing and Capital Financing requirement

Capital Expenditure

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

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

External Debt

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

The indicators for external debt are:

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

Treasury Management

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 C**. 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.

3.14 In summary, it is the Chief Financial Officer's view that the 2010/11 to 2013/14 capital programme is prudent, sustainable and affordable.

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 & business justifications;
 - Options analysis & achievability;
 - Management & delivery structure;
 - Risk Analysis; and
 - Financial implications.
- 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 2009/10 – 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 2009/10 currently totals £117m following the re-profiling as set out in the December 2009 budget monitoring report, although this includes schemes subject to appraisal. The full breakdown of the revised Capital Programme scheme by scheme for 2009/10 is shown in **Appendix A**.
- 5.3 As at the end of December 2009 £54m of this year's programme has been spent. This revised programme reflects the re-profiling of a number of schemes throughout the year which have previously been reported to the 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 2010/11 to 2013/14

New capital bids

- 6.1 During 2009/10 all service departments were asked to consider their potential new capital investment requirements from 2010/11 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.
- 6.2 The current capital programme is already funding a significant number of schemes to enable the Council to deliver its priorities on behalf of local residents. Due to the current economic conditions, an affordability assessment was undertaken on potential additions to the capital programme. As such, only two amendments are proposed for the programme.
- 6.3 Firstly, an exercise of re-prioritisation of capital schemes was undertaken, with the resources identified as available for re-direction funding a programme of New Council House Building. A report setting out this programme in detail was taken to the Executive on 19 January 2010, and this report formalises the programme into capital budgets.
- 6.4 Secondly, this report confirms the Council's commitment to fund the Skill Centre. The total project costs are £13.9m. Of this, a grant of £5m has been secured from the Department for Children, Schools and Families. Other sources of funding, including Section 106 balances, have been identified which will fund a further £3m of this development. This leaves a residual balance of £5.9m. While the Council has set aside funding to cover this balance, officers will continue to seek external funding and contributions to close the gap on this development.
- 6.5 As a result of the inclusion of these additional schemes, the revised capital programme, and how it will be funded will be as follows:

	2010/11	2011/12	2012/13	2013/14	Total
	£'000	£'000	£'000	£'000	£'000
Total Budget	160,032	103,182	117,528	13,500	394,242

Funding	External	Department Borrowing	Corporate Borrowing	Total
	£'000	£'000	£'000	£'000
	318,179	16,241	59,822	394,242

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

7 Revenue Implications of the Capital Programme

- 7.1 The cost of funding a Capital Programme from 2010/11 to 20113/14 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.

8 Consultees

8.1 The following were consulted in the preparation of this report:

All Cabinet Members
Corporate Management Team
Heads of Service and Capital Project Managers
Finance Group Managers
Winston Brown – Legal Partner

9 Background Papers

- RTB Projections - Working papers
- Land Disposal Projections – Working papers
- Approved Capital programme
- CIPFA - The Prudential Code for Capital Finance in Local Authorities
- CIPFA – Treasury Management in the Public Services
- The Council's Asset Management Plan
- Local Government Act 2003

10 List of Appendices

Appendix A – Capital Programme 2009/10
Appendix B - Capital Programme 2010/11 – 2013/14
Appendix C – Prudential Indicators

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

<u>Department</u>	2009/10		External Funding		Departmental Borrowing		Corporate Borrowing		Total	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
ADULT & COMMUNITY	16,796	5,310	-	11,486	16,796					16,796
CHILDREN'S SERVICES	36,642	34,085	99	2,458	36,642					36,642
CUSTOMER SERVICES	40,775	16,066	4,469	20,240	40,775					40,775
RESOURCES	22,853	9,501	2,084	11,268	22,853					22,853
TOTAL	117,066	64,962	6,652	45,452	117,066					117,066

APPENDIX A

2009/10 CAPITAL PROGRAMME

(including schemes awaiting appraisal)

APPENDIX A

DETAIL	2009/10		Funding			TOTAL
	External Sources	Departmental Borrowing	Corporate Borrowing	£'000	£'000	
	£'000	£'000	£'000	£'000	£'000	£'000
ADULT & COMMUNITY SERVICES						
RIPPLE HALL	1,541	992		549	1,541	
EASTBURY MANOR HOUSE	366	243		123	366	
VALENCE HOUSE	5,225	1,321		3,904	5,225	
DISABLED ADAPTATIONS	1,343			1,343	1,343	
SSCF Capital Projects	80	80			80	
SERVICE REFURBISHMENT	14			14	14	
PARKS & GREEN SPACE STRATEGY	3,190	1,854		1,336	3,190	
CIVIC CENTRE Artwork (Kestrel Project)	152			152	152	
BARKING PARK ARTWORK	1	1			1	
BARKING TOWN CENTRE ARTWORK	16	16			16	
PLAYBUILDER	535	535			535	
JOB DRAIN	150			150	150	
ABBAY SPORTS CENTRE	268	268			268	
BECONTREE HEATH LEISURE CENTRE	3,915			3,915	3,915	
Total ADULT & COMMUNITY SERVICES	16,796	5,310	0	11,486	16,796	

2009/10 CAPITAL PROGRAMME

DETAIL	2009/10		External Sources		Departmental Borrowing		Corporate Borrowing		TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
CHILDRENS SERVICES									
EASTBURY PRIMARY	4,970	4,970	4,970						4,970
NORTHBURY INFANTS & JUNIORS	243	243	243						243
CAMBELL INFANTS & JUNIORS	415	415	415						415
BEAM PRIMARY SCHOOL EXPANSION	450	450	450						450
RENEWAL SCHOOL KITCHENS	368	368					368		368
SCHOOL MODERNISATION FUND	3,926	3,926	3,926						3,926
MAYESBROOK CHILDRENS CENTRE	406	406	406						406
ALIBON CHILDRENS CENTRE	903	903	267				636		903
RODING - Halbutt Street Annexe	320	320	320						320
DEVOLVED CAPITAL FORMULA	3,578	3,578	3,578						3,578
SCHOOLS LEGIONELLA	309	309					309		309
SCHOOLS ASBESTOS	443	443					443		443
SCHOOLS REBOILER	587	587					587		587
EXTENDED SCHOOLS PROGRAMME - PHASE 4	405	405	405						405
ADDITIONAL SCHOOL PLACES	1,013	1,013	1,013						1,013
DAGENHAM PARK	75	75	34				41		75
BARKING ABBEY	20	20					20		20
SCHOOL'S KITCHEN EXTENSION/REFURBISHMENT 10/11	26	26	26						26
HOME ACCESS FOR TARGETED GROUPS	120	120	120						120
CROSS-GOVERNMENT CO-LOCATION FUND	254	254	254						254
GASCOIGNE COMMUNITY CENTRE	452	452	452						452
ADULT COLLEGE EXTENSION	808	808	709				99		808
DAGENHAM JOB SHOP	378	378	378						378
RIPPLE INFANTS AND JUNIORS	50	50	50						50
DAGENHAM PARK	39	39					39		39
<i>Building Schools for the Future (indicative figures at this stage)</i>									
Eastbury PFI variation area	541	541	541						541
Eastbury QJEU capital build	2,810	2,810	2,810						2,810
<i>Primary Schools</i>									
Barking Riverside first Primary School	2,000	2,000	2,000						2,000
Roding -Cannington Road Annexe	8,275	8,275	8,275						8,275
Former UEL Primary School - New Primary School	0	0	0						0
Lymington Primary School - New School	500	500	500						500
St Joseph's Primary - expansion	100	100	100						100
St Peter's Primary - expansion	100	100	100						100
St George's School Provision - refurbishment	0	0	0						0
Trinity School - conversion	200	200	200						200
YOUTH ACCESS SCHEME	1,067	1,067	1,052				15		1,067
SKILLS CENTRE	491	491	491						491
Total CHILDRENS SERVICES	36,642	36,642	34,085	99	2,458				36,642

2009/10 CAPITAL PROGRAMME

APPENDIX A

DETAIL	2009/10	Funding			TOTAL
		External Sources	Departmental Borrowing	Corporate Borrowing	
	£'000	£'000	£'000	£'000	£'000
CUSTOMER SERVICES					
HOUSING FUTURES	19,150	13,490		5,660	19,150
COUNCIL HOUSING - NEW BUILD	307	307			307
LAND DISPOSAL	111			111	111
HOUSING MODERNISATION PROGRAMME	2,758		2,758		2,758
PRIVATE SECTOR HOUSEHOLDS DFGs (NON-HRA)	957	480		477	957
PRIVATE SECTOR HOUSEHOLDS - Assistance Rendered	1,100			1,100	1,100
HIGHWAYS PRINCIPAL ROADS	257	340		83	257
HIGHWAYS STRUCTURAL REPAIRS - Non Principal Rds	10,892			10,892	10,892
CONTAINERISATION OF WASTE	1,711		1,711		1,711
STATION ACCESS	125	125			125
BRIDGE STRENGTHENING	95	95			95
20 MPH ZONES	370	370			370
TRAFFIC MANAGEMENT	59	59			59
ACCESSIBILITY	40	40			40
LAND QUALITY INSPECTION PROGRAMME	280	200		80	280
LOCAL SAFETY SCHEMES	560	560			560
FOUNDATION CONTACT CENTRE	286			286	286
OFFICE ACCOMODATION	12			12	12
ENVIRONMENTAL IMPROVEMENTS - WASTE RECEPTACLES	600			600	600
GROUNDS MAINTENANCE FLEET REPLACEMENT	60			60	60
STREET LIGHT REPLACEMENT	1,000			1,000	1,000
CHRISTMAS LIGHTING	45			45	45
TOTAL CUSTOMER SERVICES	40,775	16,066	4,469	20,240	40,775

2009/10 CAPITAL PROGRAMME

APPENDIX A

DETAIL	2009/10	Funding			TOTAL
		External Sources	Departmental Borrowing	Corporate Borrowing	
	£'000	£'000	£'000	£'000	£'000
RESOURCES					
DESKTOP MANAGEMENT PROGRAMME	159			159	159
VOICE AND DATA COMMUNICATION	317			317	317
MICROSOFT ENTERPRISE AGREEMENT	383		383		383
SERVER	51			51	51
RESPOND	9			9	9
MEMBERS	19			19	19
ONE BARKING & DAGENHAM Availability & Reliability	71			71	71
ONE BARKING & DAGENHAM Connectivity & Information	123			123	123
ONE BARKING & DAGENHAM ICT Main Schemes	3,958			3,958	3,958
INTRUDER ALARMS	121			121	121
CORPORATE ACCOMMODATION STRATEGY	2,409		1,524	885	2,409
BACKLOG MAINTENANCE	723			723	723
LEGIONELLA PUBLIC BUILDINGS	315			315	315
ASBESTOS PUBLIC BUILDINGS	256			256	256
CMRP - DDA FOR BUILDINGS	103			103	103
PTS GARAGE	-			-	-
L8 SURVEYS & RISK ASSESSMENT	19			19	19
L8 CONTROL OF LEGIONELLA WORKS	110			110	110
DEMOLITION OF THE LAWNS	153			153	153
DEMOLITION OF 16-18 CAMBRIDGE ROAD	15			15	15
WIND TURBINES	-			-	-
NEW DAGENHAM LIBRARY & CUSTOMER CONTACT CENTRE	1,050			1,050	1,050
DAGENHAM DOCK INFRASTRUCTURE	-			-	-
DAGENHAM HEATHWAY PUBLIC REALM PHASE 1	192	200		8	192
DAGENHAM HEATHWAY IMPROVEMENTS - PLANTERS	100			100	100
LONDON ROAD MARKET SQUARE	806			806	806
ENERGY EFFICIENCY PROGRAMME	49		37		49
LEGI BUSINESS CENTRES	698			698	698
LRL CORPORATE SIGNAGE	11			11	11
BARKING TOWN SQUARE - Phase 2	1,346			1,346	1,346
EAST END THAMES VIEW DEMOLITION	519			519	519
BARKING TOWN CENTRE	550			550	550
RETAIL PREMISE IMPROVEMENT GRANT	21			21	21
CREEKMOUTH	324			324	324

BARKING CHILD AND FAMILY HEALTH CENTRE	999	845	154	999
DAGENHAM & REDBRIDGE FOOTBALL CLUB	450		450	450
BARKING & DAGENHAM PROSPECT CENTRE	325	325		325
WILLIAM STREET QUARTER PHASE 1	282	282		282
AXE STREET HOUSING PUBLIC REALM	613	613		613
AREA BASED SCHEMES (SHOPPING PARADES)	850	204	646	850
THAMES VIEW TO BARKING RIVERSIDE CYCLE LINK	875	875		875
IMPROVEMENTS TO BUSINESS AREAS & INDUSTRIAL ESTATES	267	17	250	267
THAMES VIEW - DETAILED DESIGN	450	450		450
LONDON CYCLE NETWORK PLUS	333	333		333
NON LCN - CYCLE SCHEMES	382	405	-	382
LBPN	555	555		555
SHOP MOBILITY (TFL LIP)	10	10		10
LOCAL TRANSPORT FUND 2009/10 (TFL)	100	100		100
ICT INFRASTRUCTURE	1,142		1,142	1,142
AUTOMATIC METER READING	200		140	200
ENERGY EFFICIENCY - BUILDING MAINTENANCE	40		40	40

Total RESOURCES	22,853	9,501	2,084	11,268	22,853
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ALL DEPARTMENTS

TOTAL PROGRAMME ALL DEPARTMENTS	117,066	64,962	6,652	45,452	117,066
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TOTAL PROGRAMME FROM 2010/11 ONWARDS (incl. proposed schemes)

<u>Department</u>	2010/11	2011/12	2012/13	2013/14	Total	External	Departmental	Corporate	Total
	£000	£000	£000	£000	£000	Funding	Borrowing	Borrowing	£000
ADULT & COMMUNITY	17,606	6,988	4,400	-	28,994	3,672	4,400	20,922	28,994
CHILDREN'S SERVICES	80,303	72,058	97,860	-	250,221	242,971	-	7,250	250,221
CUSTOMER SERVICES	40,573	20,715	15,268	13,500	90,056	63,581	6,438	20,037	90,056
RESOURCES	21,550	3,421	0	0	24,971	7,955	5,403	11,613	24,971
TOTAL	160,032	103,182	117,528	13,500	394,242	318,179	16,241	59,822	394,242

APPENDIX B

4 YEAR CAPITAL PROGRAMME - 2010/11 TO 2013/14

APPENDIX B

DETAIL	2010/11				2011/12				2012/13				2013/14				TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ADULT & COMMUNITY SERVICES																				
RIPPLE HALL	940																		940	
EASTBURY MANOR HOUSE	100																		100	
VALENCE HOUSE	1,061																		1,061	
DISABLED ADAPTATIONS	500			500															1,000	
PARKS & GREEN SPACE STRATEGY	3,320			319															3,639	
BARKING PARK ARTWORK	84																		84	
PLAYBUILDER	601			0															601	
BECONTREE HEATH LEISURE CENTRE	11,000			6,169	4,400														21,569	
Total ADULT & COMMUNITY SERVICES	17,606			6,988	4,400			0											28,994	
										External Sources		Departmental Borrowing		Corporate Borrowing		TOTAL				
										£'000		£'000		£'000		£'000				
										940		4,400		17,169		21,569				

4 YEAR CAPITAL PROGRAMME - 2010/11 TO 2013/14

APPENDIX B

DETAIL	2010/11		2011/12		2012/13		2013/14		TOTAL		External Sources £'000	Departmental Borrowing £'000	Corporate Borrowing £'000	TOTAL £'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				
CHILDRENS SERVICES														
EASTBURY PRIMARY	2,995								2,995		2,995			2,995
RODING - Cannington Road Annexe	4,800	125							4,925		4,925			4,925
CAMBELL INFANTS & JUNIORS	1,550	35							1,585		1,585			1,585
BEAM PRIMARY SCHOOL EXPANSION	3,300	250							3,550		3,550			3,550
RENEWAL SCHOOL KITCHENS	300								300		300	300		300
ADDITIONAL SCHOOL PLACES	870								870		870			870
SCHOOL'S KITCHEN EXTENSION/REFURBISHMENT 10/11	858	25							883		883			883
CROSS-GOVERNMENT CO-LOCATION FUND	267	120							387		387			387
Schools Legionella	330								330		330	330		330
Schools Asbestos	220								220		220	220		220
Schools Re-boiler	500								500		500	500		500
<i>Building Schools for the Future (indicative figures at this stage)</i>														
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					3,554		3,554			3,554
Warren		4,590		13,768					18,358		18,358			18,358
All Saints				5,742					5,742		5,742			5,742
Eastbury PFI variation area	1,621								1,621		1,621			1,621
Eastbury QJEU capital build	8,431	5,620							14,051		14,051			14,051
Sydney Russell	18,807	9,404							28,211		28,211			28,211
Contingency				46,153					46,153		46,153			46,153
<i>Primary Schools</i>														
Barking Riverside first Primary School	8,000	500							8,500		8,500			8,500
Roding -Cannington Road Annexe	6,700	100							6,800		6,800			6,800
Former UEL Primary School - New Primary School	3,750	6,250							10,000		10,000			10,000
Lymington Primary School - New School	7,250	250							7,500		7,500			7,500
St Joseph's Primary - expansion	2,000	100							2,100		2,100			2,100
St Peter's Primary - expansion	1,400	75							1,475		1,475			1,475
St George's School Provision - refurbishment	100	3,300	100						3,500		3,500			3,500
Trinity School - conversion	50								50		50			50
MAYEBROOK CHILDRENS CENTRE	10								10		10			10
ALIBON CHILDRENS CENTRE	329								329		329			329
SCHOOLS MODERNISATION FUND	1,147								1,147		1,147			1,147
EXTENDED SCHOOLS	209								209		209			209
SKILLS CENTRE	4,509	8,900							13,409		13,409	5,900		13,409
Total CHILDRENS SERVICES	80,303	72,058	97,860	0	250,221	0	242,971	0	7,250	250,221	250,221	7,250	0	250,221

4 YEAR CAPITAL PROGRAMME - 2010/11 TO 2013/14

APPENDIX B

DETAIL	2010/11				2011/12				2012/13				2013/14				TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
CUSTOMER SERVICES																				
HOUSING FUTURES	21,844		17,700		13,500		13,500		13,500		66,544					6,250		1,720	66,544	
COUNCIL HOUSING - NEW BUILD	10,011										10,011							7,100	10,011	
OFFICE ACCOMODATION	80										80							80	80	
PRIVATE SECTOR HOUSEHOLDS - Assistance Rendered	1,200										1,200							1,200	1,200	
HIGHWAYS PRINCIPAL ROADS	370		380								750								750	
HIGHWAYS STRUCTURAL REPAIRS - Non Principal Rds	4,300		-								4,300							4,300	4,300	
LAND QUALITY INSPECTION PROGRAMME	80		80								160							160	160	
PRIVATE SECTOR HOUSEHOLDS - DFGs	800		800		643		643				2,243					0		897	2,243	
ENVIRONMENTAL IMPROVEMENTS - WASTE RECEPTACLES	615		630								1,245							1,245	1,245	
STREET LIGHT REPLACEMENT	1,040		1,080		1,125		1,125				3,245							3,245	3,245	
PARKING SYSTEM	188										188					188			188	
CHRISTMAS LIGHTING	45		45								90							90	90	
TOTAL CUSTOMER SERVICES	40,573		20,715		15,268		15,268		13,500		90,056					6,438		20,037	90,056	

4 YEAR CAPITAL PROGRAMME - 2010/11 TO 2013/14

APPENDIX B

DETAIL	2010/11				2011/12				2012/13				2013/14				TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	511				511					511					511					
MICROSOFT ENTERPRISE AGREEMENT																				
YOUTH ACCESS SCHEME	194		36												230				511	
INTRUDER ALARMS	55																		230	
L8 SURVEYS & RISK ASSESSMENT	71		35																55	
L8 CONTROL OF LEGIONELLA WORKS	120																		106	
NEW DAGENHAM LIBRARY & CUSTOMER CONTACT CENTRE	2,519																		120	
LEGIONELLA (PUBLIC BUILDINGS)	126																		120	
AREA BASED SCHEMES (SHOPPING PARADES)	315																		2,519	
BACKLOG MAINTENANCE	400																		126	
CORPORATE ACCOMODATION STRATEGY	2,672		2,200																315	
PTS GARAGE	25																		400	
IMPROVEMENTS TO BUSINESS AREAS & INDUSTRIAL ESTATES	150																		4,872	
DEMOLITION OF 16-20 CAMBRIDGE ROAD	-																		25	
LEGI BUSINESS CENTRE	5,225																		150	
ICT INFRASTRUCTURE	6,380		1,150																-	
CMRP DDA FOR BUILDINGS	50																		5,225	
LOCAL IMPLEMENTATION PLAN - TRANSPORT	2,500																		7,530	
WIND TURBINES, ST PAULS	197																		50	
AUTOMATIC METER READING	30																		2,500	
ENERGY EFFICIENCY - BUILDING MAINTENANCE	10																		197	
																			30	
																			10	
Total RESOURCES	21,550		3,421												7,955		5,403		24,971	

ALL DEPARTMENTS

TOTAL PROGRAMME ALL DEPARTMENTS	160,032		103,182												318,179		16,241		394,242
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The Prudential Code for Capital Investment in Local Authorities

Prudential Indicators – 2010/11 to 2012/13

1. Introduction

- 1.1. The Prudential Code for Capital Investment commenced on 1 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.

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. Capital expenditure plans for 2010/11 to 2012/13 as proposed in this report, give rise 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 2010/11 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 capital programme as set out in the appendices to this report:

Table 1: Capital Expenditure (**current** capital programme):

	2010/11	2011/12	2012/13
	£'000	£'000	£'000
HRA	31,855	17,700	13,500
General Fund	128,177	85,482	104,028
Total	160,032	103,182	117,528

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 2010/11 onwards, major schemes in respect of schools will continue, Building Schools for the Future for secondary schools, and a significant programme of primary school expansion to meet requirements for additional school places. New schemes will take place in respect of Council House Building and the construction of a Skills Centre.

3.4 A full list of the capital programme projects are detailed in **Appendix B** 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 2010/11 to 2012/13, as detailed in **Appendix B** 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**)

	2010/11	2011/12	2012/13
	£'000	£'000	£'000
Net Revenue Stream			
HRA	89,613	89,613	89,613
General Fund	154,766	154,766	154,766
Financing Costs			
HRA	13,500	13,500	13,500
General Fund	7,008	8,848	10,308
Ratio			
HRA	15.06%	15.06%	15.06%
General Fund	4.53%	5.72%	6.67%

- 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	136	171	199
For average Housing Rents	0	0	0

- 4.6 The table shows that the impact of new schemes based on Appendix B 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)

	2010/11	2011/12	2012/13
	£'000	£'000	£'000
Housing Revenue Account (HRA)	(21,355)	(21,355)	(21,355)
General Fund	126,576	148,076	156,576
Capital Financing Requirement	105,221	126,721	135,221

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 £105m** by March 2011, as shown above, **£126m** by the March 2012, and **£135m** by the end of 2012/13.

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 2010/11 to 2012/13.

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 2010/11 to account for any changes to decisions on capital investment.

THE EXECUTIVE

16 FEBRUARY 2010

REPORT OF THE CORPORATE DIRECTOR OF FINANCE AND COMMERCIAL SERVICES

This report is submitted under Agenda Item 12. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order to avoid any delay in the setting of Council Tax as part of the Council's overall budgetary framework for 2010/11.

BUDGET AND COUNCIL TAX 2010/11	For Decision
<p>Summary</p> <p>This report advises on the proposed revenue estimates for 2010/11 and the level of the Council Tax for 2010/11.</p> <p>In putting together the proposed budget, there has been a need to balance the pressures on the budget, the need to replenish reserves 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.</p> <p>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. It is clear that the Council will continue to face very difficult choices when setting budgets in future years.</p> <p>To support the decisions that will need to be made a three-year medium term financial strategy covering the years 2010/11 to 2012/13 is included with the Council Plan as a concurrent report on this agenda.</p> <p>Wards Affected: All wards</p>	
<p>Recommendations</p> <p>The Executive is asked to:</p> <p>(i) Recommended the Assembly to approve:-</p> <ol style="list-style-type: none"> a. A Council Tax increase of 0% for 2010/11, representing a freeze in Council Tax levels for the 2nd year in succession, as set out at Appendices A and B, subject to the final precept announcement for the Greater London Authority. b. The budget options and budget as set out at Appendices C, D and E. c. The position on reserves as set out in paragraph 2.6. <p>(ii) Note the continuing need to identify relevant efficiency gains throughout the organisation (paragraph 9).</p> <p>Delegate to the Corporate Director of Finance and Commercial Services the responsibility to allocate initial savings targets across all services for the 2011/2012 budget process to commence in April 2010.</p>	

Reason

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

Implications:**Financial:**

The setting of a robust budget and Council Tax for 2010/11 will enable the Council to provide and deliver required Council Services within its overall service and financial planning framework.

Legal:

For each financial year the Secretary of State is required to lay before Parliament a local government report which contains the funding for local authorities in the forthcoming year (s. 78A Local Government Finance Act 1988). That report consists of the total amount of revenue support grant and the proposed basis of distribution and the total amount and proposed distribution of the pooled non-domestic rate (business rates). Details of the formulae and amounts awarded to Barking and Dagenham appear in paragraph 2 of the report.

Budget Setting

Local authorities are required by law to set a balanced budget for each financial year. In particular section 32 Local Government Finance Act 1992 the local authority must calculate the aggregate of—

- (a) the expenditure which the authority estimates it will incur in the year in performing its functions and will charge to a revenue account for the year;
- (b) such allowance as the authority estimates will be appropriate for contingencies in relation to expenditure to be charged to a revenue account for the year;
- (c) the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure;
- (d) such financial reserves as are sufficient to meet so much of the amount estimated by the authority to be a revenue account deficit for any earlier financial year as has not already been provided for; and
- (e) any amounts which it estimates will be transferred from its general fund to its collection fund pursuant to a direction under subsection (5) of section 98 of the Local Government Finance Act 1988 Act and charged to a revenue account for the year, other than (in the case of an authority in England) any amounts which it estimates will be so transferred pursuant to a direction under that subsection relating to the difference between amounts in respect of community charges credited and charged to a revenue account for any earlier financial year

There are detailed rules in relation to how various headings are calculated.

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

Council Tax

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

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

The council tax must be set before 11 March in the year preceding the one it relates to. Details of the council tax calculation are set out in the report.

Members will note that officers are recommending a council tax freeze for 2010/11 subject to the final precept announcement for the Greater London Authority (GLA). The GLA is a major precepting authority entitling it to levy a council tax to be collected by councils in London (s. 82 Greater London Authority Act 1999) in relation to services discharged by its 'functional bodies' namely the Metropolitan Police Authority (MPA), London Fire and Emergency Planning Authority (LFEPA), Transport for London (TfL) and the London Development Agency (LDA). The GLA is required to issue a precept to local authorities before 1st March of the preceding financial year by virtue of section 40 Local Government Finance Act 1992. The GLA goes through an extensive consultation process in first announcing, consulting and then determining its budget including the precept for a given financial year. At paragraph 1.4 officers confirm that the Mayor of London has proposed a freeze in the GLA precept at 2009/10 levels. If this proposal is accepted by the GLA then there will be no required adjustment to the council tax set for Barking and Dagenham council.

If the GLA changes its precept a verbal update and tabled relevant documents will be made at the Executive and Assembly meetings.

Contractual:

There are no direct contractual implications arising from this report. Budget options recommended as part of this report may involve new or amended contracts. Further reports will be submitted to the Executive where changes require their approval.

Risk Management:

In setting the overall budget consideration has been given to all Council services and corporate budgets and reserves. The process of identifying and validating budget options has involved the identification and mitigation of relevant risks.

Staffing:

There are no direct staffing implications arising from this report. Budget options recommended as part of this report may involve staffing changes. The Council will follow the appropriate agreed HR protocols and processes in implementing these changes.

Customer Impact:

The proposed budget and budget options have been considered with customers and residents in mind. The freezing of the council tax at last years level is designed to

minimise our financial impact on our residents. All budget options have been subject to an equality and diversity impact assessment to ensure that any adverse impacts on all customers and in particular on equality groups is minimised.

Safeguarding Children:

There are no direct safeguarding children implications arising from this report.

Crime and Disorder:

There are no direct crime and disorder implications arising from this report.

Property/Assets:

There are no direct property/asset implications arising from this report. Implementation of budget options may require changes to asset holdings or use of assets. Where required further reports will be brought to the Executive for approval.

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.

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Report Author: Alex Anderson	Title: Group Manager, Systems & Control	Contact Details: Tel: 020 8227 3648 E-mail: alex.anderson@lbbd.gov.uk

1. Introduction and Background

1.1 The purpose of this report is to propose a revenue budget and Council Tax for 2010/11, which will be referred to Assembly for consideration on 24 February 2010. This is a legal requirement.

1.2 The proposed budget has been set against the background of the Council Plan including the Medium Term Financial Strategy, and the Council's Community Priorities as set out in the Barking & Dagenham Community Strategy approved by Executive on 24 March 2009 and Assembly on 1 April 2009. The updated Council Plan and Medium Term Financial Strategy are also on this agenda for approval. The Community Priorities 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.

1.3 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.

1.4 The proposal put to the London Assembly by the Mayor was for a freeze in the Greater London Authority precept at 2009/10 levels. The Mayor's proposal is to be considered by the London Assembly on 10 February 2010. A verbal update on the final precept agreed will be made at the meeting.

2. Budget Considerations

2.1 Overall Financial Context

2.1.1 The Council is operating in a very tight financial position. Reserves are at a low level, there are significant demand pressures on the councils existing budget and the recession is reducing national resources. Future settlements (2011/12 and onwards) are anticipated to be much tighter than in previous years. Therefore, the Council needs to position itself now to be able to continue to provide and improve its services, and improve value for money in an era of reducing resources. The medium term financial strategy indicates that average savings of approximately £14m p.a. will be required in the next 3 years. This comes on top of savings already included in the 2010/11 budget being proposed.

2.2 National Position and 2010/11 LBBB Settlement

2.2.1 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 November 2009, the Department for Communities and Local Government issued their provisional formula grant allocations for the 2010/11. No indications of 2011/12 onwards have been provided. Nationally the 2010/11 Formula Grant for Local Authorities increased by 2.6% over 2009/10.

2.2.2 The component parts of this calculation for Barking and Dagenham is set out below. These have not changed from those first proposed by DCLG in January 2008 and were in the LBBB 2009/10 MTFS.

	2009/10 £m	2010/11 £m	Change £m	Change %age
Relative Needs Amount	83.05	85.60	2.55	3.1
Relative Resource Amount	(9.99)	(10.36)	(0.37)	(3.7)
Central Allocation	32.03	32.92	0.89	2.8
Floor Damping	(5.89)	(5.38)	0.51	8.7
Total Formula Grant	99.20	102.78	3.58	3.6

- 2.2.3 Within the formula grant system the Government operates a system of floors to ensure that all authorities receive a minimum increase in funding. LBBDD contributes £5.38m in 2010/11 to the cost of the floor grant as its funding is above the floor.
- 2.2.4 Overall the council will receive a £3.58m increase (3.6% increase) on last years formula grant. For comparison purposes the average Outer London year on year increase in Formula Grant is 2.1% and for Inner London Boroughs 1.6%.
- 2.2.5 The Government has stated “...the average band D council tax increase this year (2009/10) was 3.0% - the Government expects to see it fall further next year while authorities protect and improve front line services. We expect the average Band D council tax increase in England to fall to a 16 year low in 2010-11. We remain prepared to take capping action against excessive increases set by individual authorities and requiring them to rebill for a lower council tax if necessary.”
- 2.2.6 Area Based Grant (ABG) is a pool of previously specific grants which are now non-ring-fenced and available for the Council to direct to its local priorities without condition. However for future years ABG could be reduced as it is not within the formula grant arrangements and so not subject to a floor. The 2010/11 ABG allocation from Central Government is £21.967m – the increase from 2009/10 of £5.9m is mainly due to the inclusion of Supporting People Grant in ABG this year. ABG is currently incorporated within the department’s gross expenditure budgets.
- 2.2.7 Dedicated Schools Grant (DSG) has been included in the gross expenditure and income analysis for the purposes of calculating the Council Tax. The current estimated value of this ring-fenced grant is £195.225m. Subject to later notifications by DCSF/DCLG this may change but will not affect the Council Tax. Executive will be informed of any changes through the monthly budget monitoring process.
- 2.3 Budget Setting Process
- 2.3.1 This report forms the final stage of the 2010/11 budget setting process. In Spring 2009 the indicative financial model was agreed including nil inflation on the 2009/10 base budget, and savings targets allocated to all departments. During the Summer 2009 budget options were worked up by departments to identify pressures, invest to save options and savings. These were subject to robust scrutiny through an officer Star Chamber process and by Members. Information on budget options includes a risk analysis and impact assessment from relevant services. For 2010/11, all budget options have been subject to an equalities and diversity impact assessment.
- 2.3.2 The existing capital programme has been subject to review. The proposals for investment are set out in a concurrent report on this agenda. The revenue effects of these investment proposals (borrowing costs, additional and reduced operating

costs, etc.) are fully included in the proposed 2010/11 budget, and the 2010/11-12/13 Medium Term Financial Strategy.

- 2.3.3 As a result of changes in financial reporting (International Financial Reporting Standards - IFRS) with effect from 2010/11 there is potential for an impact on the council's budget. Draft regulations issued by Department for Communities and Local Government indicate that these effects may be mitigated resulting in no effect on the Council Tax. However, at this stage it is not possible to confirm or quantify the potential effect. The contingency will be used to manage any effects which do impact on the council's budget.
- 2.3.4 The Council Tax Base was approved by the Executive on 22/12/09. Following the identification of a typographical error the Chief Executive approved a amendment to the Council Tax Base on 27 January 2010 to ensure statutory requirements were met. This urgent action is reported on this agenda.
- 2.3.5 As part of the process of ensuring that the Council's base budget is as robust as possible the Corporate Director of Finance and Commercial Services has begun a more fundamental review of the Council's higher risk budgets. The initial findings of this work is included in the proposals now being recommended. A sum has been included in the Council's contingency to address any further potential issues which may arise from this fundamental review.

2.4 Inflation

- 2.4.1 Given the prevailing price environment at the time of setting the budget strategy no general inflation has been added to the 2009/10 base budget. The 2009/10 base budget included 2.5% inflation for employee costs. The agreed pay award for 2009/10 was 1%. Therefore, in the rolled forward budget for 2010/11 there is a built in provision for an employee pay award of 1.5%. Once the pay award is settled the Corporate Director of Finance and Commercial Services will review this position.

If the fees and charges report on this agenda is approved the additional income is estimated to be £220,000. This additional anticipated income is included in departmental budgeted net expenditure figures.

In addition, as part of the Dedicated Schools Grant of £195.225m for schools the necessary inflation provision is provided within that sum.

2.5 Contingency

- 2.5.1 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. children's placements, transport for SEN children, homelessness, care packages,);
- Costs of new responsibilities, where estimates have been prepared with limited experience;
- Potential above inflationary price increases e.g. energy costs
- Unconfirmed grant funding regimes;
- Unexpected events;

- Variable interest rates;
- Budget risks.

2.5.2 The current level of contingency is £1.5m. Given the additional risks which the council is facing in respect of the recession, the delivery of future savings, and continued increases in demand for the services that the organisation provides the level of contingency is proposed to increase by £3.3m to £4.8m

2.5.3 A sensitivity analysis for a range of higher risk areas has been carried out. See paragraph 12.6 of the MTFS for the detail.

2.6 Reserves

2.6.1 The 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.

2.6.2 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.

2.6.3 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.

2.6.4 It is the responsibility of the section 151 officer to determine an appropriate and prudent level of reserves for the organisation. The target level of general reserves will be £10m. Provision has been made in the budget model to replenish reserves by an additional £2m in 2010/11 to ensure that this level is realised in 2010/11.

2.6.5 The current level of reserves is below the targeted level. This is due in the main to one-off adjustments required to be made during the closure of the 2008/09 accounts. This reduced the level of general reserves to £3.7m. Actions to ensure that such a situation does not recur include improved reconciliation processes and more regular in-year monitoring of balance sheet items.

2.6.6 The strict control of spend during 2009/10, a planned review of other ear-marked and specific reserves with a view to transfer their balances to the general reserve and the additional £2m referred to in paragraph 2.6.4 is anticipated to replenish the general reserve to the £10m target.

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

2.6.8 The advice of the Director of Financial and Commercial Services is that the above figure (£10m) 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.

2.7 Robustness of Budget

2.7.1 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

Director of Finance and Commercial Service's view that the Council's process for setting the 2010/11 budget has, so far, been robust. Further advice will be offered to the Council Assembly should this assessment change.

3. Levies

3.1 Levies

3.1.1 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 2010/11 are as follows:

	2009/10	2010/11	Change	Change
	£000s	£000s	£000s	%age
East London Waste Authority	7,128	7,458	330	4.6
Environment Agency – Flood Defences	104	104	0	0.0
London Pension Fund Authority	254	259	5	2.0
Lee Valley Regional Park Authority	160	163	3	2.0
Total Levies	7,646	7,984	338	4.4

3.1.2 In respect of the East London Waste Authority the increase of £330k which is 4.6%, 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 reasons for the increase relates to the rising costs of waste disposal including the impact of landfill tax, reduced commercial waste income and increases in tonnage.

3.1.3 The increase in the London Pension Fund Authority and Lee Valley Regional Park levies has been assumed to be 2% and is subject to final confirmation from these bodies. Initial indication from the Environment Agency is that there will be no change in their levy.

4. Executive Budget Proposals

4.1 Appendix A shows the calculation of the 2010/11 Council Tax in total and for a band D property. The first section explains the movements either already agreed as part of the budget process (inflation and changes to payback of Invest to Save sums) or which are required as part of annual reviews e.g. capital charges and support costs. This provides the 2010/11 Base Budget.

4.2 The next section sets out the various budget options which are

- Member approved decisions e.g. corporate additional borrowing costs of capital investment, operating costs of Dagenham Library and One Stop Shop, temporary accommodation, etc. – see appendix C for detail of departmental items.

- Corporate pressures, e.g. increased employer pension contribution as part of the triennial review of the pension fund, increases in levies, reduction in interest earnings, provision for redundancy costs, replenishment of reserves, etc.
- Savings - departmental and corporate planned savings for 2010/11 – see Appendix C for details.
- Invest to save - £1m contribution to corporate pot to support future invest to save options.

5. Council Tax

5.1 Collection Fund

- 5.1.1 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.
- 5.1.2 The latest estimate for 2009/10 is that a deficit will be made on the Collection Fund and that Barking and Dagenham's share will be £335,000. The main reason for this deficit is a result of increased exemptions. In addition, the final figures for 2008/09 need to be factored into this year's budget and this identified a final deficit of £156,000. Both sums have been accounted for in the proposed budget for 2010/11.

5.2. Greater London Authority Precept

- 5.2.1 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 four main constituent bodies, the Metropolitan Police Service, the London Fire and Emergency Planning Authority, Transport for London and the London Development Agency.
- 5.2.2 The Mayor's proposals submitted for consultation to authorities in December 2009 proposed a freeze in the precept at Band D for 2010/11 at the same level as for 2008/09 and 2009/10. This would result in a Band D precept for 2010/11 of £309.82, the same as in 2009/10.
- 5.2.3 The Mayor's budget can be amended by a two-thirds majority of the London Assembly, which is due to meet on the 10 February 2010. At this meeting the London Assembly will decide upon the Mayor's proposals of a freeze in the precept for 2010/11. A verbal update on the final decision will be made at the meeting.

5.3. Capping of Council Tax

- 5.3.1 Each year when setting the Council Tax the Authority needs to have regard to announcements from Government in this area.
- 5.3.2 The capping criteria applied in 2009/10 were as follows: (as announced by the Local Government Minister, John Healey).
- a budget requirement increase of more than 4 per cent for 2009-10;

- and also a Band D council tax increase of more than 5 per cent.

The capping criteria to be applied in 2010/11 has not been announced yet, and will not be until after authorities set their budgets. However, an indication was given in the settlement documentation which stated “the government expects to see the average council tax increase – which this year was 3.0% - fall to a 16 year low next year while authorities protect and improve front line services. Ministers have confirmed that they are prepared to cap ‘excessive increases’, including requiring rebilling, as happened with two police authorities this year.”

5.3.3 The proposed budget requirement for 2010/11 is £154.8 million. The budget requirement, after adjustment for fundamental changes, shows a 2.4% increase on 2009/10 compared to a proposed freeze in the Council tax.

5.4 Council Tax 2010/11

Appendix A 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.

6 Legal Implications

- 6.1 The issue of the council’s reserve funds has been raised in previous reports to the Executive owing to the reserves being depleted beneath the targeted reserves of £7.5 m set in last year’s budget. In these circumstances the Chief Finance Officer is obliged both at the time such projections arise and when the following year’s budget is set to explain the reasons and any action considered necessary to prevent a repetition (section 27 Local Government Act 2003). This is covered at paragraph 2.6 of this report.
- 6.2 It is also the duty of the Chief Finance Officer under section 25 Local Government Act 2003 when (among other things) the budget is being set to report on the ‘robustness’ of the estimates made for the purposes of the budgetary calculations and the adequacy of the proposed financial reserves. In this regard the Chief Finance Officer confirms at paragraph 2.7 of this report that the budget for the council is indeed robust.
- 6.3 The Secretary of State has power under the 2003 Act to specify a minimum level of reserves but has not done so. Instead guidance issued by CIPFA (‘Local Authority Reserves and Balances 2003’) indicates that councils should set a minimum level having regard to risk. Members will note that the Chief Finance Officer has indicated a target level of £10m as appropriate for Barking and Dagenham council.
- 6.4 The overall budget for 2010/11 is detailed in the report. Further, the budget has been set in the wider context of the Medium Term Financial Strategy and members will wish to read the budget in that context and satisfy themselves that the criteria referred to have been addressed in setting the budget.

7. **Medium Term Financial Strategy (MTFS)**

- 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 detailed view up to the financial year 2012/13, and with indicative figures through to

2019/20. To enable a fully linked process to the service planning of the organisation the MTFS proposed has been included within the new Council Plan. The Council Plan and MTFS is also a report on this agenda. The purpose of the three-year and longer 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 MTFS papers. Members should bear in mind the ongoing implications of proposals included in the 2010/11 budget, although these will not finally be approved until later budget years.
- 7.4 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 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 £18 million of potential budget pressures is currently forecast for 2011/12.
- 7.7 In order to plan for these ongoing pressures, it is important that the budget process for 2011/12, as with the 2010/11 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 £18 million for 2011/12 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 2010. It is recommended that the Corporate Director of Finance and Commercial Services should provide the initial targets for savings across all services to enable this to happen.

8. **Community priorities**

- 8.1 It is vital for the quality of services 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 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 £14 million of savings for 2010/11, of which a

substantial sum are efficiency savings, which can be re-directed. Some of these resources are directed to fund current cost pressures and re-establish reserves. Other resources are directed to fund developments in services across the organisation. The Council is also allocating £1 million from reserves to fund invest to save projects.

9. Efficiency

- 9.1 Realising efficiency gains is fundamental for the organisation in terms of its longer term financial sustainability and ability to continue to deliver services that are important to residents. Where efficiency gains are not realised (for example providing the same service for less cost, providing a better service for the same cost), the alternative is to cut back on services. It is therefore important that an efficiency programme delivers as much benefit as possible.
- 9.2 For 2010/11 and future years an efficiency programme will encompass the following:
- Better procurement;
 - Asset rationalisation;
 - Strategic Partnership - lean back office and transactional services;
 - Service reviews; and
 - 3% efficiency targets for all service heads for each of next 5 years.
- 9.3 The specific budget options at appendix C include a number which demonstrate the implementation of improved efficiencies.
- 9.4 The council operates a 'invest to save' fund. In 2010/11 an additional £1m is being ear-marked to provide support to services to implement efficiency measures or preventative work which will save costs in future years.

10 Value for Money

- 10.1 Achieving Value for Money (VFM) is an integral part of the Council's approach to delivering the Medium Term Financial Strategy (MTFS). The Council has developed a **VFM Strategy** to strengthen our strategic approach to improving VFM.
- 10.2 To deliver this strategy a **VFM Action Plan** has been developed to provide more detail on the work programme that will be undertaken to achieve better VFM and the key milestones. The key themes of the work programme are:
- **Understanding VFM** - Ensuring a shared understanding of the VFM provided by the Council and developing a culture of cost-consciousness
 - **Embedding VFM** - Ensuring that Value for Money remains a clear and sustained focus for the Council and its key decision making and management processes
 - **Delivering VFM** - Transforming the way services are commissioned and delivered to release savings to invest in the agreed priority areas

10.3 The 2010/11 budget includes £14m of savings to balance the budget as set out in **Appendix C**. These savings are risk assessed by Departments, and an impact assessment is done to ensure that the effect on frontline services is low. Savings (disinvestment) is targeted at areas where our benchmarked information on value for money suggests that improvements in cost effectiveness can be made. Examples of this are as follows (each of these services were identified as high cost services based on benchmarking data):

- Leisure £0.3m
- Passenger transport £0.25m
- Care placements £0.5m
- Quality and schools improvement £1.2m
- Revenues and benefits service £1.8m
- Human Resources £0.5m
- ICT £0.5m
- Finance £0.3m

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 The budget process is informed by consultation with residents on what services or issues are important to them and what services they feel are most in need of improving. IPSOS MORI conducts a bi-annual place survey that enables this data to be compiled, compared with previous data, and also compared across London. Data is available from 2003/04, 2006/07 and 2008/09. In 2009/10 the Council commissioned an interim place survey to inform decisions in respect of service and financial planning.

For 2009/10, the top issues that local residents felt were most important in making somewhere a good place to live were as follows:

- The level of crime;
- Clean streets;
- Health Services;
- Public transport;
- Affordable decent housing; and
- Education provision.

Our residents have consistently identified these areas as important. The Council and its partners have consistently therefore allocated our available resources to these priorities.

11.3 The survey also asks what things are most in need of improving, and they were as follows:

- The level of crime;
- Activities for teenagers;
- Clean streets;
- Road and pavement repairs;
- Job prospects;
- The level of traffic congestion; and

- Affordable decent housing.

11.4 As an organisation, we have ensured that investment has been targeted to these areas, with key examples as follows:

- We have invested in our partnership with the police to increase the number of officers on the streets;
- We have set up the Street Warden Service in the borough to stamp out environmental crime and work with the community to promote pride and respect for our streets and public spaces;
- We have set up the Street base initiative, which has been developed to promote activities for young people in the borough.
- £1m investment in apprenticeships per annum to improve job prospects and activities for young people;
- A major programme of £20m investment in road and pavement repairs across the 4 years from 2007/08 to 2010/11;
- We are building a Skills Centre in Barking to deliver against our overall aim of raising household incomes; and
- The re-prioritisation of £7m from the capital programme to fund a programme of new Council House building to increase the supply of affordable decent housing.

11.5 Consultation with the business sector took place on 8 February 2010. A verbal update on the relevant discussions will be available as necessary for this Executive meeting.

11.6 Public Accounts and Audit Select Committee (PAASC) met on 12 February 2010 to consider the proposed MTFs and budget options included in this report. A verbal update on the relevant discussions will be available as necessary for this Executive meeting.

12 Consultees

The following have been consulted in the preparation of this report:

All Cabinet Members
 Corporate Management Team
 Departmental Management Teams
 Corporate Financial Controller
 Strategic Financial Controller
 Group Managers – Corporate Finance

13 Background Papers Used in the Preparation of the Report:

Information from Department of Communities and Local Government
 Budget working papers
 Reports to Member bodies
 2010/11 Medium Term Financial Strategy
 Oracle reports
 Working Papers
 Local Government Act 2003
 Benchmarking Information

14 Appendices

Appendix A – Calculation of Proposed Council Tax 2010/11

Appendix B – Statutory budgetary determination 2010/11

Appendix C – Detailed savings and pressures options

Appendix D – Summary of Revenue Budget by Department 2009/10 and 2010/11

Appendix E – Summary of Revenue Budget - Analysis of Gross Expenditure and
Income

Calculation of Proposed Council Tax 2010/11

Appendix A

	2010/11 Budget £'000	2010/11 Budget £'000	Increase %
Original 2009/10 Budget	151,163		
Removal of ABG	21,534		
Revised 2009/10 Budget		172,697	
Net effect of one-off and recharge/support cost changes	(133)		
Changes in Capital Charges	122		
		(11)	
2010/11 Base Budget		172,686	
Member Approved Decisions	7,218		
Corporate Pressures	9,857		
Savings	(14,023)		
Invest to Save	1,000		
		4,052	
Less:			
Formula Grant	(102,785)		
ABG	(21,967)		
Add:			
Collection Fund Loss	491		
		(124,261)	
Council Tax Requirement		<u>52,477</u>	
Council Tax Base (Equivalent Band D Requirement)		51,630.50	
Overall Council Tax - Band D equivalent			
London Borough of Barking & Dagenham		1,016.40	0.00%
Greater London Authority (subject to confirmation)		309.82	0.00%
		<u>1,326.22</u>	<u>0.00%</u>

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**EXECUTIVE 16 FEBRUARY 2010 – FOR REFERRAL TO ASSEMBLY MEETING 24
FEBRUARY 2010**

STATUTORY BUDGET DETERMINATIONS

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

1. That it be noted that at its meeting on 22 December 2009 the Executive calculated the amount of 53,227.4 as its Council Tax Base for the year 2010/2011 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992. This was subsequently amended to 51,630.5 through Urgent Action procedure and reported to Executive on 16 February 2010.

2. That the following amounts be now calculated by the Council for the year 2010/2011 in accordance with Sections 32 to 36 of the Local Government and Finance Act 1992:-

(a)	£584,452,557	being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act
(b)	£429,681,588	being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act
(c)	£154,770,969	being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year
(d)	£102,293,853	being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant reduced by the amount of the sums which the Council estimates will be transferred in the year from its General Fund to its Collection Fund in accordance with Section 97(3) of the Local Government Finance Act 1988 and further increased by the amount of any sum which the Council estimates will be transferred from its Collection Fund to its General Fund pursuant to the directions under Section 98(4) of the Local Government Finance Act 1988 made on the 7th February 1994
(e)	£52,477,116	being the amount at 2(c) above less the amount at 2(d) above, all divided by the amount at 1 above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year
(f)		Valuation Bands

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

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

3. That it be noted that for the year 2010/2011 the Greater London Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown below:-
Precepting Authority: Greater London Authority

Valuation Bands

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

4. That, having calculated the aggregate in each case of the amounts at 2(f) and 3 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2010/2011 for each of the categories of dwellings shown below:-

Valuation Bands

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

SUMMARY OF INVEST TO SAVE BIDS

<u>Ref Number</u>	<u>Bid Description</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>Payback</u>
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>onwards</u>	<u>Period</u>
					<u>£'000</u>	<u>(Years)</u>

Adult & Community Services

I2S/ACS/01	Leisure Centre Management	Investment	150	-	-	-	1.60
		Savings	-	250	350	350	
		Net Investment	150				

Children's Services

I2S/CHS/01	Pitstop Project - C Treatment Foster Care Programme - 12 Month Post Pilot Extension	Investment	338	-	-	-	2.82
		Savings	120	120	120	120	
		Net Investment					
I2S/CHS/02	Social Workers - Foster Carer Assessments	Investment	61	61	61	-	0.85
		Savings	215	215	215	215	
		Net Investment	-				

Customer Services

No Bids Submitted							
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Resources

I2S/RES/07	M&E Maintenance - Install Power Perfectors	Investment	116	116	116	-	2.55
		Savings	75	150	224	224	
		Net Investment	41				
I2S/RES/12	Asset Management - Energy Management Capacity	Investment	100	100	100	-	2.13
		Savings	141	141	141	141	
		Net Investment	-				
I2S/RES/13	Accommodation - implement and speed up consolidation of assets	Investment	98	98	-	-	2.90
		Savings	-	-	218	468	
		Net Investment	98				

Pressures and Risks to be factored into the model

<u>Ref Number</u>	<u>Bid Description</u>	<u>2010/11</u> <u>£'000</u>	<u>2011/12</u> <u>£'000</u>	<u>2012/13</u> <u>£'000</u>	<u>2013/14</u> <u>£'000</u>
Adult & Community Services					
BP/ACS/03	Dagenham Library/One Stop Shop	600	1,200	1,200	1,200
BP/ACS/04	Becontree Heath Leisure Centre	400	600	600	600
BP/ACS/05	Valence House Museum Education Programme	168	168	168	168
BP/ACS/06	Domestic Violence Advocacy Services	100	100	100	100
BP/ACS/07	Dementia Services - Residential Care	250	250	250	250
		1,518	2,318	2,318	2,318
Children's Services					
BP/CHS/05	Youth Access Card	-	278	278	278
		-	278	278	278
Customer Services					
BP/CS/07	Temporary Accommodation	1,025	1,310	1,310	1,310
		1,025	1,310	1,310	1,310
Resources					
BP/RES/01	Local Elections 2010	220	20	20	20
		220	20	20	20
		-	-	-	-
TOTAL ALL PRESSURES		2,763	3,926	3,926	3,926

SUMMARY OF SAVINGS

<u>Ref Number</u>	<u>Bid Description</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>onwards</u>
					<u>£'000</u>
Adults & Community Services					
S-ACS-01	Support Services - Non Staffing Supplies & Services Budgets	250	250	250	250
S-ACS-02	Neighbourhood Management	750	750	750	750
S-ACS-03	Parks Police	200	566	566	566
S-ACS-04	Increase in Vacancy Factor	250	250	250	250
S-ACS-05	Contracted/Commissioned Services	1550	1550	1550	1550
S-ACS-06	Community Development & Halls	90	150	200	200
S-ACS-07	Residential & Day Care - Income Charging from Other Local Authorities	110	110	110	110
S-ACS-08	5% Reduction in Staffing	900	900	900	900
S-ACS-09	Passenger Transport	250	250	250	250
S-ACS-10	Leisure & Arts Service Reductions	300	300	300	300

Total Adults & Community Services	4,650	5,076	5,126	5,126
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Childrens Services

S-CHS-01	Integrated Family Services - Employee Costs	33	33	33	33
S-CHS-02	Head of Integrated Family Services - Employee Costs	48	48	48	48
S-CHS-03	Head of Integrated Family Services - Parenting Support - Employee Costs	32	32	32	32
S-CHS-04	Head of Integrated Family Services - Portage - Employee Costs, Premises and Supplies	20	20	20	20
S-CHS-05	Head of Integrated Family Services - Community Educational Psychology service - Employee Costs	50	50	50	50
S-CHS-06	Safeguarding & Rights - Care Placements Efficiency review	500	550	600	600
S-CHS-07	Safeguarding & Rights - Educational Psychology - Re-alignment of Children's Centre budgets	50	50	50	50
S-CHS-08	SLE - Trident Work Experience	22	22	22	22
S-CHS-09	SLE - Adult College - External Funding	145	145	145	145
S-CHS-10	SLE - Vacant Admin Post	25	25	25	25
S-CHS-11	SLE - Adult College	80	80	80	80
S-CHS-12	CP&TC - Schools Data Packs	50	50	50	50
S-CHS-13	CP&TC - Joint Commissioning Unit	40	40	40	40
S-CHS-14	CP&TC - Policy & Performance - DSG Contribution to GM & HoS costs	80	80	80	80
S-CHS-15	Increase Income Generation at the Vibe	38	38	38	38
S-CHS-16	Q&SI - Community Music Service & Trewern	300	300	400	400
S-CHS-17	Q&SI - Advisory Teachers	300	300	300	300
S-CHS-18	Q&SI - Reduction in 2 Snr Advisor Posts	150	150	150	150
S-CHS-19	Q&SI - Westbury Centre & Admin - Reduction in Costs	50	50	50	50
S-CHS-20	Q&SI - School Improvement/Education Inclusion	300	300	300	300
S-CHS-21	Q&SI - Attendance - Realignment of under 5 services	30	30	30	30
S-CHS-22	Q&SI - Family Learning - Realignment of Services to support under 5's	50	50	50	50
S-CHS-23	Cross Division Savings - Travel & Accommodation	30	500	500	500

Total Childrens Services	2,423	2,943	3,093	3,093
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Customer Services

S-CUS-01	Fleet Department Contract Changes	810	810	810	810
S-CUS-02	Reduction of staff-costs during off-peak season	156	156	156	156
S-CUS-03	Staff restructure to achieve Target Operating Model	781	781	781	781
S-CUS-04	Deletion of managerial posts & reduction in support/admin.	1,053	1,053	1,053	1,053
S-CUS-05	Staff restructure in OSS/Contact Centre to achieve Target Operating Model	200	200	200	200
S-CUS-06	Efficiency savings in general housing	150	250	350	350

Total Customer Services	3,150	3,250	3,350	3,350
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Resources

SUMMARY OF SAVINGS

<u>Ref Number</u>	<u>Bid Description</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>onwards</u>
					<u>£'000</u>
S-RES-01	Town Twinning	31	31	31	31
S-RES-02	Civic Reception	8	8	8	8
S-RES-03	Electoral Services - Supplies & Services	6	6	6	6
S-RES-04	Strategy & Performance - Employee Costs	50	50	50	50
S-RES-05	Strategy & Performance - Marketing & Comms	75	75	75	75
S-RES-06	Corporate Finance	250	250	250	250
S-RES-07	Human Resources - Realignment of Supplies & Services Budgets	40	40	40	40
S-RES-08	HR Management Information & Performance Reduction in Posts	35	35	35	35
S-RES-09	Occupational Health - Reduction in Posts	80	80	80	80
S-RES-10	Schools HR	20	20	20	20
S-RES-11	ICT market testing	100	100	100	100
S-RES-12	Health & Safety - Reduction in Posts	40	40	40	40
S-RES-13	Learning & Development - Reduction in Posts	80	80	80	80
S-RES-14	HR Recruitment - Reduction in Posts	50	50	50	50
S-RES-15	Various ICT Savings	400	400	400	400
S-RES-16	Regeneration & Economic Development - Reduction in Posts	200	200	200	200
S-RES-17	Accommodation Strategy	220	275	748	748
S-RES-18	Asset Strategy - Charge Staff to Capital	35	35	-	-
S-RES-19	Skill Mix Capital Delivery	50	50	50	50
S-RES-20	Printer Rationalisation	5	5	5	5
S-RES-21	Reduction in Use of Consultants	25	50	100	100
S-RES-22	Corporate Client Restructure	38	38	38	38
S-RES-23	Rationalisation of Term Contracts	6	6	6	6
S-RES-24	Vehicle Hire - Cleaning Service	3	3	3	3
S-RES-25	Grounds Maintenance	5	5	5	5
S-RES-26	Energy Management Capacity	19	19	19	19
S-RES-27	Water Dispensers	6	6	6	6
S-RES-28	Impact of 2% Vacancy factor Increase	618	618	618	618
S-RES-29	Reduction in Supplies & Services spend	305	305	305	305

Total Resources	2,800	2,880	3,368	3,368
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Corporate

S-CRP-1	Review of PA's across council Directors & HoS	70	70	70	70
S-CRP-2	Review of PPP teams	500	500	500	500
S-CRP-3	Reduction in Consultancy spend	370	370	370	370
S-CRP-4	Reduction in Mobile Phones & Blackberry's	60	60	60	60

Total Corporate	1,000	1,000	1,000	1,000
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TOTAL ALL SAVINGS PROPOSALS

TOTAL SAVINGS	14,023	15,149	15,937	15,937
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	2008/09 OUTTURN £'000	2009/10 ORIGINAL BUDGET £'000	2009/10 REVISED BUDGET £'000	2010/11 BASE BUDGET £'000
Adults & Community Services	70,703	66,978	67,289	73,056
Children's Services	49,626	52,016	62,770	59,564
Customer Services	26,386	24,381	24,837	21,667
Finance & Commercial Services	448	84	715	(292)
Resources	11,536	9,539	9,397	14,121
General Finance	(16,765)	(10,980)	(22,392)	(26,101)
Contingency	0	1,500	900	4,773
Levies & Precepts	7,182	7,646	7,646	7,983
Dedicated Schools Grant	0	0	0	0
TOTAL	149,117	151,163	151,163	154,771

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APPENDIX E

	2010-11	GROSS BUDGET £'000	RECHARGES £'000	INCOME £'000	NET BUDGET £'000
Adults & Community Services		109,457	(17,529)	(18,872)	73,056
Children's Services		96,294	(9,380)	(27,350)	59,564
Customer Services		205,569	(25,125)	(158,777)	21,667
Finance & Commercial Services		7,578	(7,775)	(95)	(292)
Resources		50,778	(32,485)	(4,172)	14,121
General Finance		(910)	0	(25,191)	(26,101)
Contingency		4,773	0	0	4,773
Levies & Precepts		7,983	0	0	7,983
Dedicated Schools Grant		195,225	0	(195,225)	0
TOTAL		676,747	(92,294)	(429,682)	154,771

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