London Borough of Barking and Dagenham

Notice of Meeting

THE EXECUTIVE

Tuesday, 18 December 2007 - 3:00 pm
Council Chamber, Civic Centre, Dagenham

Members: Councillor C J Fairbrass (Chair); Councillor L A Smith (Deputy Chair); Councillor J L Alexander, Councillor G J Bramley, Councillor H J Collins, Councillor S Kallar, Councillor R C Little, Councillor M A McCarthy, Councillor M E McKenzie and Councillor Mrs V Rush

07.12.07

R. A. Whiteman
Chief Executive

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AGENDA

1. **Apologies for Absence**

2. **Declaration of Members' Interests**

   In accordance with the Council's Constitution, Members are asked to declare any personal or prejudicial interest they may have in any matter which is to be considered at this meeting.

3. **Minutes - To confirm as correct the minutes of the meeting held on 11 December 2007 (to follow)**

4. **Amalgamation of Valence Infant and Junior Schools to Form Valence Primary School (Pages 1 - 4)**

5. **Budget Monitoring 2007/08 (April - October 2007) (Pages 5 - 23)**

6. **Calculation and Setting of the Council Tax Base 2008/09 (to follow)**

7. **Any other public items which the Chair decides are urgent**

8. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

The London Borough of
Barking & Dagenham

Private Business

The public and press have a legal right to attend Council meetings such as the Executive, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 as amended).

9. Pre-Tender Report - Term Contract for Asbestos Removal and Management in Non Domestic Properties 1 March 2008 - 28 February 2012 (Pages 25 - 30)

Concerns a contractual matter (paragraph 3)

10. Sporting Legends (Pages 31 - 35)

Concerns a contractual matter (paragraph 3)

11. Review of the Parks Police Service (to follow)

Concerns a labour relations matter (paragraph 4)

12. Any other confidential or exempt items which the Chair decides are urgent

THE EXECUTIVE

18 DECEMBER 2007

REPORT OF THE CORPORATE DIRECTOR OF CHILDREN'S SERVICE'S

Title: Amalgamation of Valence Infant and Junior Schools to Form Valence Primary School	**For Decision**

Summary:

This report presents proposals for the amalgamation of Valence Infant and Junior Schools into one Primary School with effect from 21 April 2008. The benefits of this proposal include:

- Educationally, the new School would be able to ensure schemes of work and approaches for the children are consistent as they get older;
- The school would have a combined budget and would benefit from greater flexibility;
- The school can look at its management structure with a view to ensuring the best use of staff across the two schools. The combined expertise of the staff would be greater than in the two separate schools.

Wards Affected: Valence Ward

Recommendation(s)
The Executive is recommended to agree the amalgamation of Valence Infant and Junior Schools to form an all-through Primary School with effect from the start of the Summer Term 2008 (2007/2008 academic year) as detailed in the report.

Reason(s)
To assist in achieving the Council's Community Priority of "Better Education and Learning For All".

Implications:

Financial:
The Schools have been advised that there will be a financial impact on their budgets and there will be a level of protection for the period covering three financial years with effect from the start of the academic year September 2008. It is estimated that the school will receive additional funding amounting to £50,000 per full financial year to compensate for protected salaries in the amalgamation and restructure of the infant and junior school staffing establishments. This protection covering salaries for management and administration posts will be funded through the Delegated Schools Budget. In future, the Primary School will be able to rationalise the use of all resources and gain efficiencies including the benefits from the combination of funding from the individual school budgets, standards fund allocations and surplus balances carried forward from previous years. The school buildings do not require any major changes at this stage and there will not be any foreseen funding requirements from the Children's Services capital programme funded by the Council. However there will be a reduction in the standards fund devolved formula

capital allocation. The formula lump sum element funding allocated on an individual school basis will now reduce to one allocation for the Primary school. This should not have a significant effect on the schools budget or on the projects planned for the forthcoming budget settlement.

Legal:
The proposals have been published in accordance with the Education and Inspections Act 2006 and the required procedural and implementation arrangements will be followed.

There will be changes in school governance as a result of these proposals but the school will remain a local authority controlled community school, although there will only be one Governing Body for the future. The consultation process is designed to support these changes.

Risk Management:
These proposals effectively close the Junior School removing the years concerned and expand the infant school to a primary school covering the age range 3 – 11 years.

Social Inclusion and Diversity:
No specific implications.

Crime and Disorder:
No specific implications.

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1. Introduction and Background

1.1 Management arrangements at Valence Junior School are going through a process of change and Ms D Davis is Acting Headteacher. At Valence Infant School Mrs G Ellar, Headteacher, has indicated that she intends to retire at the end of the Spring term 2008. This has therefore created an opportunity to examine the existing arrangements of organisation at the Schools as the Authority always considers amalgamation when a headteacher leaves a paired infant or junior school. Further, the Valence Schools are suitable for amalgamation due to their relatively small size and shared site.

2. Current Position

2.1 Valence Infant School admits 52 part-time (26 full-time equivalent) children into the nursery plus 12 part-time (6 full-time equivalent) nursery aged children into the Learning Difficulties and Disabilities Unit. Reception, and Years 1 and 2 each admit 56 children per year group (i.e. 28 children per class), extended to 58 children per year group (i.e. 29 children per class) when necessary.

2.2 Valence Junior School has an Admission Number of 63. This is an unusual admission number, and the belief is this was set when the rooms at the school were measured some time ago, it was calculated that this was the number of pupils the rooms could accommodate.

2.3 As indicated in 1.1 above, because of the impending changes at both schools, there was a dialogue with representatives of both Governing Bodies to explore options. At this time there was in-principle support for an amalgamation and it was felt appropriate to enter into a more robust consultation.

3. Consultation Process

3.1 As part of the consultation process, a special joint meeting of the governing bodies of the schools was held on 3 July 2007 at which the governors voted unanimously in support of the proposal to amalgamate the schools.

3.2 Letters were sent to Parents, Carers and Guardians of Pupils, Staff and Governors of Valence Infant and Junior Schools informing them of the proposal to amalgamate the schools and the benefits this would bring.

3.3 The council have published a formal notice to change the current schools' structure with effect from the start of the Summer Term – 21 April 2008 with a new standard admission number of 60 pupils in each year group. The notice was published in the local press on 24 October 2007 and copies of the notice were displayed in Barking Library and Valence Library and Valence Infant and Junior Schools. The notice period expires on 5 December 2007. The new school would continue to support the Nursery Assessment Additional Resource Provision unit 12 part time (6fte) places and the nursery 52 part time (26fte) places.

4. Responses to the Consultation Process

4.1 Two parents have responded to the consultation letter with objections about the proposal to amalgamate the two schools.

4.2 The objections from both parents related to concern that the infant-aged children would not feel as comfortable in a larger school; there was more familiarity amongst teachers and pupils in a smaller school; benefits of young children playing amongst their own peer group at play times; the risk of bullying where there are older children and children making a larger contribution and feeling more valued in smaller schools. Officers considered these concerns. Their view was that since the amalgamated school would be likely to maintain the identity and management arrangements for the age groups concerned it would be unlikely that there would be any significant difference from the pupils' perspective.

4.3 At the time of compiling this report there were no comments received regarding the notice which has been published, but an update will be given at the meeting.

5 Implications

5.1 Technically, the proposal involves closing Valence Junior school with effect from 20 April 2008 and enlarging the age-range of the existing Valence Infant School. The age-range will be expanded from age 3 to 7 years to age 3 to 11 years with effect from 21 April 2008. All pupils on the school roll of Valence Infant and Junior Schools as at 20 April 2008 will transfer onto the roll of Valence Primary School.

5.2 An interim governing body has been established to focus on the amalgamation of the schools. This governing body will determine a new Instrument of Government, in accordance with the “Education School Governance (Constitution)(England) Regulations 2003”, once the Primary School is set up.

5.3 This proposal will set a uniform standard number of 60 pupils per year group and will give a consistent provision across all the age ranges.

5.4 The benefits seen in this proposal include:

- An amalgamated school would ensure schemes of work and approaches for the children are consistent as they get older.

- The school would have a combined budget and would benefit from greater flexibility.

- The school would use a rationalised management structure to ensure the best use of staff across the two schools. The combined expertise of the staff would be greater than in the two separate schools.

5.5 Valence Junior School, together with Valence Infant School jointly offer a breakfast club service which is open to both schools. On amalgamation of the schools, this breakfast club will continue in the same way.

6. Consultees

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

Cllr Jeanne Alexander – Children’s Services
Nina Clark - Divisional Director of Legal and Democratic Services
Joe Chesterton - Head of Corporate Finance
Steve Cowley - Assistant Group Manager for Schools

Background Papers Used in the Preparation of the Report:

1. Legislation which allows this – Education and Inspections Act 2006.
2. Consultation Letter dated 4 October 2007
3. Notice published 24 October 2007

THE EXECUTIVE

18 December 2007

REPORT OF THE CORPORATE DIRECTOR OF RESOURCES

Title: Budget Monitoring 2007/2008 (April – October 2007)	**For Decision**

Summary:
The report updates the Executive on the Council's revenue and capital position from the beginning of April to the end of October 2007.

The position for revenue expenditure at the end of October 2007 highlights various pressures across Council departments totalling £1.65m. These pressures have, however, reduced by £1.1m from the position reported in September as a result of the implementation of a range of departmental action plans. These remaining pressures need to continue to be addressed as part of the Council's ongoing budget monitoring process, and Director's have instigated action plans to ensure these are fully addressed by the year end. The overall position will continue to be closely monitored and the position will be regularly reported to both the Resource Monitoring Panels and the Executive.

For the Housing Revenue Account, whilst pressures exist around housing subsidy, income from rents and repairs and maintenance costs, it is now projected that an underspend of £416k will arise for 2007/08 which will be added to its balances for the financial year.

In regard to the Capital programme, the current working budget is £69.9m and current forecasts indicate spending of £69m. Directors have been, and are continuing to review the delivery of individual capital schemes to ensure maximum spend is achieved by the year end.

Wards Affected: This is a regular budget monitoring report of the Council's resource position and applies to all wards.

Recommendations

The Executive is asked to:

1. note the current position of the Council's revenue and capital budget as at 31st October 2007 (Appendix A and C and Sections 3 and 5 of the report);

2. note the position and projected out-turn for the Housing Revenue Account (Section 4 and Appendix B of the report);

3. ensure that Corporate Directors continue with their current action plans to address projected overspends on departmental budgets to ensure full delivery of a balanced budget for their department by the end of the financial year;

Reason

As a matter of good financial practise, the Executive should be regularly updated with the position on the Council's budget.

Implications:

Financial:
The overall revenue budget is indicating budget pressures in several areas, however, Directors are working to implement the necessary action plans to fully alleviate these pressures. The working capital programme is now reported at £69.9 million with anticipated spend of £69m.

Legal:
There are no legal implications regarding this report.

Risk Management:
The risk to the Council is that budgets are overspent and that this reduces the Council's overall resource position. Where there is an indication that a budget may overspend by the year end the relevant Director will be required to review the Departmental budget position to achieve a balanced position by the year end. This may involve the need to produce a formal action plan to ensure delivery of this position for approval and monitoring by the Resource Monitoring Panel and the Executive.

Similarly, if there are underspends this may mean a lower level of service or capital investment not being fully delivered. Specific procedures and sanctions are in place through the Resource Monitoring Panels, Corporate Programme Management Office (CPMO), Corporate Management Team and the Executive.

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

Crime and Disorder:
There are no specific implications insofar as this report is concerned.

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

Contact Officer	Title:	Contact Details:
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1. Introduction and Background

1.1 It is important that the Council regularly monitors its revenue and capital budgets to ensure good financial management. It is now practise within the Council for this monitoring to occur on a regular monthly basis, which helps members to be constantly updated on the Council's overall financial position and to enable the Executive to make relevant decisions as necessary on the direction of both the revenue and capital budgets.

1.2 The report is based upon the core information contained in the Oracle general ledger system supplemented by detailed examinations of budgets between the budget holders and the relevant Finance teams to take account of commitments and projected end of year positions. In addition, for capital monitoring there is the extensive work carried out by the Capital Programme Management Office (CPMO).

1.3 The monthly Resource Monitoring Panels, chaired by the lead member for finance, and attended by Directors and Heads of Service, monitors the detail of individual departments revenue and capital budgets alongside relevant performance data and this also enhances and forms the basis of this report.

2. Current Position

2.1 Overview for Revenue Budget

2.1.1 At the end of October 2007 there remain various pressures across various Council departments which total £1.65m. These pressures have however reduced by £1.1m from the position reported in September as a result of the implementation of a range of departmental action plans. These remaining pressures will need to be managed and addressed as part of the Council's ongoing budget monitoring process and all departments are currently implementing a range of action plans to reduce these cost pressures. The overall position will continue to be closely monitored to ensure the full reduction in these pressures, and the position will be regularly reported to both the Resource Monitoring panels and the Executive.

3. Service Position

3.1 General

3.1.1 Details of each Department's current financial position are provided in Section 3 of this report and are summarised in Appendix A.

3.1.2 At the Executive meeting on 12th June 2007, Members approved a small number of roll forwards from 2006/07 for the revenue budget amounting to £290k (2006/07 £1.65 million) to be added to the relevant Departmental budgets for 2007/08.
It is important to remind Members that Directors need to use these funds to deliver the relevant services associated with the agreed roll forwards and that the appropriate work is undertaken to ensure delivery of full spend by the year end. In addition, consideration by Directors on the use of these roll forwards will need to be made where Departments are currently indicating pressures in their budgets.

3.2 Adults and Community Services Department

3.2.1 The Adult and Community Services budget position, after seven months of the financial year, has shown an improvement from the September position. The current projection now indicates an overspend of £300k, which represents a £200k reduction from the September position.

3.2.2 The outstanding pressures specifically relate to the decision not to site the one-stop-shop/library at the Heathway which together with other cost pressures on employees and PFI & service charge costs at the Castle Green site could result in a £500k shortfall in the Libraries budgets. Pressures also exist in the Community Strategy area particularly around the Parks Police and the external security service.

3.2.3 The Department's Management Team remain committed to maintaining a sound financial base, dealing with current overspend areas, and bringing the departmental budget in on target for the current year. Value for money considerations are paramount within Adult and Community Services.

3.2.4 **Adult Care Services**

This area relates primarily to Older Persons Residential and Home Care services that are run by the Council. The budget is approximately £10m, and includes three residential homes for Older Persons, one residential home for Learning Disability clients, and two day centres for Learning Disability clients. Previous budget pressures relating to the delivery of the Older Persons Modernisation savings, in both residential and Home Care services, have primarily been dealt with, however some ongoing pressure areas still exist.

3.2.5 **Adult Commissioning Services**

These services represent Social Work/Care Management budgets in the department, together with services commissioned from the Independent and Private Sector. Service areas include Older Persons, Physical Disability, Learning Disability and Mental Health. The department has set itself some challenging targets in this area around procurement and commissioning gains/savings. Whilst current expenditure at the end of October is still slightly above the budget for this stage of the year, action plans are in place to reduce spend and bring the 2007/08 budget in on target by the year end.

Interface issues with the local Hospitals and the PCT regarding delayed transfers of care are always volatile, but work is ongoing to ensure these areas are actively managed. Work is also ongoing in respect of the new Commissioning Strategy, and efficiencies are expected from the full year effect of reviewing the Fair Access to Care Criteria (FACS).
The Executive will recall the pressures in 2006/07 regarding external care packages in this area, however, it is envisaged that the FACS review, robust monitoring and gate-keeping will mitigate these issues in 2007/8.

3.2.6 **Community Safety and Preventive Services**

This service area covers CCTV, Community Safety & Parks Police, Substance Misuse, and the Youth Offending Team of which the overall net budget is in the region of £2m. Pressures currently exist within the Parks Police and external security service. In addition substance misuse budgets are also under pressure, and the department has recently received notifications of reductions in Community Safety Grants, in particular Drugs Grants, and submissions have been made for additional sums to the PCT (LDP) process to offset these reductions.

3.2.7 **Community Services and Libraries**
This service area covers Heritage and Libraries, the Lifelong Learning Centre, Community Development & Halls, Equalities & Diversity and the Neighbourhood Management Service. The net budgets of these services are in the region of £7m. Pressures currently exist in relation to the decision not to site the one-stop-shop/library at the Heathway, which will result indirectly in budget shortfalls in the Library's service, which together with employee costs and PFI & service charge costs at the Castle Green site could result in a £500k shortfall in the Libraries budgets. These issues are being addressed as part of the departmental action plan to deliver against the set budget.

3.2.8 **Other Services, Central Budgets, Recharges, and Government Grants**
The Adult and Community Services Department receive specific government grants, and incur recharges for departmental and divisional support. All specific grants will be used in support of the existing service areas as outlined above. A modest underspend is currently forecasted in this area which will be used to support the overall departmental position.

3.2.9 The department is continuing to work to implement a range of action plans to further address some of these pressures. In particular this includes working with partners to seek funding to contribute to these pressures. The overall departmental position will continue to be closely monitored by the Director and her Management Team to ensure the full reduction in these pressures, and the position will be regularly reported to both the Resource Monitoring panels and the Executive.

3.3 Children's Services Department

3.3.1 The Children's Service at the end of October is reporting a potential £750k budget overspend which represents a £250k reduction from the position reported in September. The main reasons for this reduction is as a result of partner negotiations and management controls across the department, including staffing matters, support budgets, and robust use of specific grants.

3.3.2 The main reason for the outstanding pressures include the non-delivery of some of the £1.4m approved savings for 2007/8, as well as financial pressures related to care leavers, multi-occupation buildings and PFI funded projects.

3.3.3 **Safeguarding and Rights**
The pressures reported in earlier in the financial year on the Children's placements, and for Children leaving care budgets, for 2007/08 have been alleviated by the approval of in-year budget adjustment of £3.5m. An action plan has been drawn up for immediate implementation to address the position for the future which covers issues on fostering, prevention and commissioning. In addition the base budget position for children's placements for 2008/09 will need to be a key consideration as part of the 2008/09 budget process.

There still however remains an estimated £1.5m pressure in the service due to the numbers of Children in out-borough placements, and care leavers which are required to still be looked after as they are still in Education settings. An urgent action plan has been drawn up by the Divisional Director to address and mitigate the position, including preparing Invest to Save bids and formulating a strategy to reduce the overall cost pressures.

3.3.4 **Schools Budgets**
At this stage it is not envisaged there will be any significant financial pressures in regard to the individual schools budgets, and this is supported in that no school reported any significant deficit for the 2006/7 financial year.

3.3.5 **Quality and Schools Improvement**
This service area includes the Westbury Centre and Special Education Needs (SEN) Budgets. These budgets (approx £14m net), although projecting to break even at present, are very demand led and can be potentially problematic. Particularly close monitoring and controls are in place around SEN budgets.

3.3.6 **Shared Services and Engagement**
The Shared Services and Engagement budget covers areas involving early years, children's centres and childcare and extended schools. Although the net budget is only £1.6m the gross budget is in the region of £8 million, having benefited from significant government grants. No significant budget pressures are occurring presently, although the increased cost of subsidising Nursery places will continue to be kept under review.

3.3.7 **Pupil and Family Support**
This service area covers Admissions and Attendance, Youth Services and other pupil and family support. The net budget is in the region of £3.5m. Currently pressures are occurring in the order of £250k regarding savings commitments made for 2007/8 in the admissions area and Youth Service which are not being delivered.

3.3.8 **Policy and Trust Commissioning, and Other Services**
These budget areas relate to the central and support services for the Department, as well as pooled grants, and total just over £24m. Currently there are pressures on accommodation/buildings based budgets – including some multi-occupation sites, together with pressures to deliver savings commitments around commissioning. Where possible, revenue grants are being utilised to assist with the department's current budget pressures.

3.3.9 In order to reduce the remaining pressures on its budget, the department is continuing to work to identify and implement a range of action plans to address some of these pressures. The overall departmental position will therefore continue to be closely monitored to ensure the full reduction in these pressures, and the position will be regularly reported to both the Resource Monitoring panels and the Executive.

3.4 **Customer Services Department**

3.4.1 The department is experiencing pressures at the end of October which, if not actioned, would amount to an overspend of approximately £300k. This forecasted variance however represents a further reduction of £87k from the position reported at the end of September, with the main reason for the reduction being an increase in the recovery of overpaid housing benefit as well as tight controls of budgets across the department.

Specific general management actions to contain these pressures include holding vacant posts, tight controls on agency recruitment and supplies and services spend, reduction in levels of overtime, a review of improvement work in the Fleet service and a review of the recovery of outstanding debt.

3.4.2 **Environmental and Enforcement Services**

An overall projected pressure of £537k is identified within the Environmental and Enforcement Service. The main pressures include: potential recurring overspends on employee costs in the Refuse, Cleansing and Highways services, loss of income within the Refuse service as a result of delays in the implementation of charging for bulky waste, loss of income within the Vehicle fleet as a result of reductions in usage, reduction in income at Frizlands Depot as a result of reductions in the usage of the depot facilities (particularly from Shanks Waste PLC) and increased maintenance costs and off road time of vehicles owned by the Council due to the age of the fleet.

Some of these pressures are being off-set by staff vacancies, and specific action plans include reviewing and reducing overtime and agency costs and delivering business improvement work within the vehicle fleet.

The service has joined the APSE (Association of Public Sector Excellence) benchmarking club for refuse and street cleansing and is currently looking at visiting beacon Councils with similar demographics to Barking and Dagenham to replicate best practice. The VFM objectives for the coming year are to drive out efficiencies within the service, reinvest in service priorities and maximise income and grants. To assist with this process, the service is to undertake a detailed benchmarking exercise of the whole service against a similar council.

3.4.3 **Housing Services**

Pressures of £278k exist within this service mainly in relation to the recovery of outstanding debt. A review of temporary accommodation has resulted in the validation of the recovery of a number of outstanding debts in this area, and further work on outstanding debt in relation to Private Sector leased properties is ongoing which may further reduce the overspend projection.

The Value for Money objectives for the coming year will be to build on maximising income and analysing the costs of services through benchmarking. The service has also identified/visited best practice authorities and has used this learning to inform new methods of working.

3.4.4 **Barking & Dagenham Direct**
The division is currently projecting an underspend of £446k.

The main reason for the underspend is as a result of the additional recovery of £380k of overpaid housing benefit within the Revenues & Benefits service which has arisen through the implementation of the Academy system. To improve the Revenues & Benefits service throughout 2007/08, the service has reduced the number of agency staff employed and has developed a new entrants programme to encourage local people to work for the council. In addition, to this sickness levels have reduced year on year as a result of better management. In terms of ensuring the service achieves VFM, the service has been working with all Revenues and Benefits benchmarking clubs for a number of years and actively participates in the London and National Benefits, Rents, Council Tax, Cashiers, Business Rates and General Income Benchmarking groups. The VFM objectives for the coming year are to deliver the Medium Term Financial strategy that relates to the service and to ensure that VFM is achieved by managing out the need for agency staff.

In terms of the Emergency Out of Hours service, the Registration Service, the Contact Centre and the One stop shops, the overall position for these service is a projected underspend of £66k. The main reason for this underspend is due to increased income levels in the Registration service and a number of vacant posts within the Contact Centre.

The overall net underspend in the Barking & Dagenham Direct service will be used to support and off-set overspends elsewhere in the department.

3.4.5 **Customer Strategy**
The overall position for Customer Strategy is a projected underspend of £70k. The service has used information from their benchmarking club to inform how they compare with similar authorities and build relationships with other authorities in order to share best practice. A significant objective for 2007/08 includes significant savings through better ways of working and the implementation of new technology to reduce the number of customer service officers required.

3.4.6 Regular monitoring meetings are occurring within the department, and within the management team, to deal fully with the outstanding pressure areas.

3.5 Regeneration Department

3.5.1 The department, at the end of October, is experiencing pressures in 2007/08 amounting to approximately £302k, which reflects a reduction of £78k from the previous month projection.
In particular, pressures continue to exist around recurring overspends arising from 2006/07, such as additional employee costs and shortfall in income, as well as potential risks in delivering the approved savings options for 2007/08. Management actions including holding posts vacant and tight controls on agency recruitment and supplies and services spend remain in place to contain the recurring items.

3.5.2 **Housing Strategy**
At this stage it is forecasted that current vacancies will produce an underspend of £10k.

3.5.3 **Spatial Regeneration**
At this stage it is not envisaged there are any significant financial issues.

3.5.4 **Skills, Learning and Enterprise**
An overall projected pressure of £208k is identified within the Skills, Learning and Enterprise Service. This position has arisen due to an income shortfall of £60k as a result of a change in policy by the Learning Skills Council, a further funding shortfall from the LSC (£70k) and a planned budget saving option to increase income by £25k in the B&D Training Services not being achievable.
In addition the Project Trident service and the Lifelong learning team are both experiencing pressures within their employee budgets, and further work is being undertaken to examine these issues.
Improved VFM will be achieved within the service by the merger of the Adult College and Barking and Dagenham Training Services as a single business unit. This will achieve efficiencies and savings in terms of contract administration with the Learning & Skills Council, and with general administrative and finance functions.

3.5.5 **Leisure, Arts and Olympics**
An overall projected pressure of £158k is identified within the Leisure, Arts and Olympics Skills Service. The majority of these pressure relate to the leisure centres (employee costs, security costs and supplies and services) and the nursery services (employee costs and income). Some of these pressures are being offset by both staffing vacancies across the divisions and additional income within the parks service.
The interim reviews of both the grounds maintenance and leisure centre functions have identified opportunities to improve value for money and to contain costs within budget, and an action plan is currently being prepared.

3.5.6 **Asset Strategy and Capital Delivery**
Pressures amounting to £32k currently exist within the division, which have reduced by £111k from its September position. The reason for this reduction relates to additional income from parking and anticipated additional income arising from investment in mobile CCTV and new powers to charge for moving traffic offences.
In terms of the outstanding pressures these mainly relate to risks in delivering a number of saving options (including reduced building cleaning, staff changes and loss of income from charges not yet implemented), commercial property income not meeting budget, public conveniences and highway sponsorship income. These pressures are being partly mitigated by additional income in car parking, reduced spend on land drainage and a number of staff vacancies.

3.5.7 **Directorate & Support**
Vacancies, and management action not to recruit to vacancies, will produce an estimated underspend of £87k.

3.6 **Resources Department**

3.6.1 The Department is now forecasting a balanced budget for 2007/08 following the approval and implementation of a detailed action plan by the department's management team. Details of actions taken include holding vacant posts and tight controls on both the use of agency recruitment and supplies and services spend.

3.6.2 **Democracy and Partnerships**
The main pressure that currently exists within this service relates to the costs of the Software licences for the Geographic Information System (GIS), which will now be funded from underspends elsewhere within the department.

3.6.3 **Performance and Delivery**
In line with other salary budgets within the department, the cash budget for salaries in the Performance & Delivery allows for a vacancy factor. However, if all posts are filled within the year, then this will result in an inability to achieve the necessary vacancy factor and therefore a projected overspend will arise. In addition there is also a pressure around the Supplies and Services budget in relation to demands to attend various conferences for up to date training on revised legislation and best practices. In line with the Departmental action plan, expenditure in this service will now be limited so an overspend does not arise.

3.6.4 **Strategic Finance and Audit**
There are currently no immediate issues within the Strategic Finance & Audit budget, and as a result of the departmental action plan it is now projected that the service will underspend by the end of the financial year and this will contribute to the overall departmental position.

3.6.5 **Legal Services**
As a result of the new Local Land Charges (LLC) regulations introduced on the 1st April 2007, the service is currently projecting a budget shortfall in 2007/08 of £140k. This shortfall has arisen due to the requirement that LLC income should not in future exceed the cost of providing the service. In addition the service is also incurring additional costs as a result of the current review being undertaken of the service. As part of the departmental action plan these additional costs will now be funded from underspends elsewhere within the department.

3.6.6 **Human Resources**
The division is experiencing a particular pressure in relation to the saving proposal to reduce Payroll staffing. As part of the departmental action plan it is now projected that this service will break-even.

3.6.7 **ICT & e-Government**
There are currently no immediate issues within these budgets, and as a result of the departmental action plan it is mow projected that the service will underspend by the end of the financial year and this will contribute to the overall departmental position.

3.6.8 **Corporate Finance**
The division continues to have some vacancies, some of which are being occupied by temporary staff. The division has now finished reviewing its staff structure (including its vacant posts) in light of both operational experience over the last 6 months and a number of minor changes that have taken place within the Council wide structure. The division will also be undertaking a major review of its accounting structure during 2007/08, which when completed will create significant benefits in terms of financial and management information for all staff in the organisation. There are currently no immediate issues within these budgets, and as a result of the departmental action plan it is projected that the service will underspend by the end of the financial year, and this will contribute to the overall departmental position

3.6.9 **Corporate Management and General Finance**
There are currently no immediate issues within these budgets and it is projected that these will breakeven by the end of the financial year.

3.6.10 **Interest on Balances**
The current position on interest from investments is that these are performing to the budget target. A significant proportion of the Council's investments continue to be managed by two external investment managers, and the Council's Treasury Management Strategy has set stretching targets for these managers in 2007/08 which are being closely monitored by the Corporate Finance Division. An element of these investments will require the use of investment instruments such as gilts to be used which require tactical trades to be undertaken.
Inevitably there are risks and rewards with the use of such investment instruments, and whilst the Council needs to continue to review the manager's performance it also needs to be aware that these potential risks/rewards do exist.
The position of interest on balances is also affected during the year by both performance and actual spend on the Capital Programme and the delivery of the Council's disposals programme. Any positive position arising in these areas may allow Council balances to increase, whilst at the same time any weakening may lead to reductions.

4. Housing Revenue Account (HRA)

4.1 The HRA is currently projecting an underspend (i.e. a contribution to balances) of £416k for 2007/08 which is an improvement from the September position which forecasted a £191k overspend. The main reasons for this improvement are a result of increased interest receipts to the HRA and a refund of insurance payments.

In general terms, the increase in the negative subsidy payable to the Government has, and will continue to increase the pressures on the HRA. In addition Right to Buy sales will reduce stock levels which will result in income falling, and the challenge will be to ensure that costs fall in line with the reducing stock.

There are also other significant pressures on the HRA including repairs and maintenance spend, premises costs, rising energy prices and reducing Supporting People Grant. In part this may be off-set by improved performance in rent collection and better management of voids.

4.2 Specific issues relating to the HRA include:

- Overall income is forecast to overachieve by £1.6m. This is due to a combination of 2007/08 being a 53 week year, thereby allowing the HRA to achieve an additional one week's rental income, and a refund of insurance payments. In addition void levels are reducing which will generate additional income. Right to Buy sales are forecast to be 93 for 2007/08 which, whilst slightly lower than the original forecast, will not significantly alter income to the HRA;
- Supervision and Management budgets are currently forecast to overspend by £170k due to increased wages and other costs, and other pressures on salary and running costs;
- The Repairs and Maintenance budget is forecast to overspend by £1.34m mainly due to increased demand. The actual spend on repairs and maintenance is constantly under review and actions are being implemented to bring the spend in line with the budget allocation;
- Interest receipts are projected to exceed the original forecast by £315k due to improvements in interest rates during 2007/08.

A summary of the latest position for the HRA for 2007/08 is shown in Appendix B.

5. Capital Programme

5.1 As at the end of October, the working budget on the capital programme was £69.9m against an original budget of £75.1m. Since the original budget was set, the programme has been updated for approved roll-overs from 2006/07 and a number of new schemes for 2007/08. In addition a number of schemes have also been re-profiled as part of both the June and September budget monitoring reports.

5.2 It is vitally important that projects and budgets are subject to robust scrutiny to ensure that timetables and milestones can be adhered to, and that budgets are realistic. As a result, Directors and sponsors, with support from corporate finance and CPMO, are continuing to review current spending plans to ensure that they remain accurate.

5.3 As at the end of October £19.6m of the capital programme has been spent, against a working budget of £69.9m. This is equivalent to 28% of the annual budgeted spend. It is therefore vitally important that efforts are made to ensure that spending plans are advanced throughout the remainder of the year. Progress on capital projects continues to be monitored through the monthly Resource Monitoring Panels.

5.4 The completion of capital projects on time and on budget not only supports the Council's drive to excellence through its Use of Resources score, but will also ensure that the benefits arising from our capital projects are realised for the community as a whole.

6. Consultees

6.1 The members and officers consulted on this report are:

Councillor Bramley
Corporate Management Team
Group Managers – Corporate Finance
Capital Programme Management Office

Background Papers Used in the Preparation of the Report:

- Oracle reports
- CPMO reports

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REVENUE BUDGET 2007/2008

APPENDIX A

SUMMARY OF POSITION - OCTOBER 2007

Department	Original Budget 2007/08 £'000	Working Budget 2007/08 £'000	Budget to date £'000	Actual to date £'000	Current projected position £'000	Current projected variance £'000	Action in place/ to be taken £'000	Projected Outturn 2007/08 £'000
Adults & Community Services	58,647	58,555	41,660	41,873	58,855	300	300	0
Children's Services	172,184	183,761	117,155	117,823	184,511	750	750	0
Customer Services	15,593	15,907	15,225	17,500	16,207	300	300	0
Regeneration	22,800	23,051	13,639	14,794	23,353	302	302	0
Resources	922	1,141	859	2,235	1,141	0	0	0
Total for Department's	**270,146**	**282,415**	**188,538**	**194,225**	**284,067**	**1,652**	**1,652**	**0**
Other Services								
Corporate Management	4,930	4,740	2,240	2,121	4,740	0	0	0
General Finance	(19,470)	(31,470)	(15,265)	(15,595)	(31,470)	0	0	0
Contingency	1,200	1,121	500	79	1,121	0	0	0
Levies & precepts	6,581	6,581	3,262	3,262	6,581	0	0	0
Total for Other Services	**(6,759)**	**(19,028)**	**(9,263)**	**(10,133)**	**(19,028)**	**0**	**0**	**0**
Total Council Budget	**263,387**	**263,387**	**179,275**	**184,092**	**265,039**	**1,652**	**1,652**	**0**

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HOUSING REVENUE ACCOUNT - BUDGET MONITORING SUMMARY

APPENDIX B

Month October 2007

Housing Revenue Account	Original Budget £'000	Revised Budget £'000		Budget Oct-07 £'000	Actual Oct-07 £'000	Forecast £'000	Variance £'000
NET RENT OF DWELLINGS	(69,047)	(69,047)		(41,163)	(41,173)	(70,393)	(1,346)
OTHER RENTS	(2,438)	(2,438)		(1,422)	(1,422)	(2,438)	0
OTHER CHARGES	(5,170)	(5,170)		(3,016)	(3,016)	(5,170)	0
CONTRIBUTIONS TOWARDS EXPEDITURE	0	(825)		0	0	(1,085)	(260)
TOTAL INCOME	**(76,655)**	**(77,480)**		**(45,601)**	**(45,611)**	**(79,086)**	**(1,606)**
REPAIRS AND MAINTENANCE	21,878	21,722		12,671	12,289	23,058	1,336
SUPERVISION & MANAGEMENT	24,023	24,843		11,200	11,332	25,013	170
RENT, RATES AND OTHER CHARGES	994	379		0	0	379	0
NEGATIVE HRA SUBSIDY PAYABLE	14,125	14,125		7,062	7,062	14,125	0
NEGATIVE HRA SUBSIDY TRANSFERABLE TO GENERAL FUND UNDER TRANSITIONAL ARRANGEMENTS	3,449	3,449		0	0	3,449	0
DEPRECIATION & IMPAIRMENT OF FIXED ASSETS	23,197	23,197		13,532	13,532	23,197	0
HRA SHARE OF CDC COSTS	750	776		388	388	776	0
TOTAL EXPENDITURE	**88,416**	**88,491**		**44,853**	**44,603**	**89,997**	**1,506**
INTEREST EARNED	(1,354)	(1,354)		(790)	(973)	(1,669)	(315)
NET COST OF SERVICE	**10,407**	**9,657**		**(1,538)**	**(1,981)**	**9,242**	**(415)**
DEPRECIATION ADJUSTMENT	(10,098)	(10,098)		(5,890)	(5,890)	(10,098)	0
MOVEMENT IN WORKING BALANCE	**309**	**(441)**		**(7,428)**	**(7,871)**	**(856)**	**(415)**
WORKING BALANCE B/F	**(2,776)**	**(1,665)**	(1)			**(1,665)**	**0**
WORKING BALANCE C/F	**(2,467)**	**(2,106)**	(2)			**(2,521)**	**(415)**

Notes:

(1) Revised Budget b/fwd balance reflects the closing working balance as per 2006/07 outturn

(2) Revised Budget c/fwd balance reflects estimated balances at year end

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APPENDIX C

CAPITAL PROGRAMME 2007/2008

SUMMARY OF EXPENDITURE - OCTOBER 2007

Department	Original Budget (1)	Working Budget	Actual to date	Percentage Spend to Date	Projected Outturn	Projected Outturn Variation against Revised Budget	Projected Outturn Variation against Original Budget
	£'000	£'000	£'000	%	£'000	£'000	£'000
Adult & Community Services	2,019	2,166	331	15%	1,700	(466)	(319)
Children's Services	9,718	8,679	4,569	53%	10,263	1,584	545
Customer Servcies	42,505	33,270	8,730	26%	32,478	(792)	(10,027)
Regeneration	19,407	23,678	5,401	23%	22,461	(1,217)	3,054
Resources	1,467	2,006	486	24%	2,003	(3)	536
Total for Department Schemes	**75,116**	**69,799**	**19,517**	**28%**	**68,905**	**(894)**	**(6,211)**
Accountable Body Schemes							
Regeneration	-	111	97	87%	111	0	111
Total for Accountable Body Schemes	**-**	**111**	**97**	**87%**	**111**	**0**	**111**
Total for all Schemes	**75,116**	**69,910**	**19,614**	**28%**	**69,016**	**(894)**	**(6,100)**

Note
(1) Excludes provisional schemes approved at Executive 20th February subject to achieving 'four green lights' from CPMO appraisal

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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