

Notice of Meeting



CABINET

Tuesday, 12 February 2013 - 5:00 pm
Council Chamber, Civic Centre, Dagenham

Members: Councillor L A Smith (Chair); Councillor R Gill (Deputy Chair); Councillor J L Alexander, Councillor H J Collins, Councillor C Geddes, Councillor M A McCarthy, Councillor L A Reason, Councillor P T Waker, Councillor J R White and Councillor M M Worby

Date of publication: 4 February 2013

Graham Farrant
Chief Executive

Contact Officer: Alan Dawson
Tel. 020 8227 2348
E-mail: alan.dawson@lbbd.gov.uk

AGENDA

1. **Apologies for Absence**
2. **Declaration of Members' Interests**

In accordance with the Council's Constitution, Members are asked to declare any interest they may have in any matter which is to be considered at this meeting.
Members are reminded that the provisions of paragraphs 12.3 and 12.4 of Article 1, Part B in relation to Council Tax arrears and Council house rent arrears apply to agenda items 5 and 6 respectively.
3. **Minutes - To confirm as correct the minutes of the meeting held on 22 January 2013 (Pages 1 - 7)**
4. **Budget Monitoring 2012/13 - April to December 2012 (Pages 9 - 40)**
5. **Budget Framework 2013/14 (Pages 41 - 65)**
6. **Housing Revenue Account Estimates and Review of Rents and other Charges 2013/14 (Pages 67 - 83)**
7. **Fees and Charges 2013/14 (to follow)**
8. **Treasury Management Strategy Statement 2013/14 (Pages 85 - 132)**
9. **Alcohol Strategy and Delivery Plan 2013-16 (Pages 133 - 181)**
10. **Pay Policy Statement 2013/14 (Pages 183 - 194)**

- 11. Riverside Secondary School: Temporary and Permanent School Sites (Pages 195 - 203)**
- 12. Proposed Expansion of Schools from September 2013 (Pages 205 - 212)**
- 13. Collective Fuel Switching Scheme (Pages 213 - 217)**
- 14. Any other public items which the Chair decides are urgent**
- 15. 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.**

Private Business

The public and press have a legal right to attend Council meetings such as the Cabinet, 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).

- 16. Eyesore Sites - Housing Opportunities (Pages 219 - 238)**
- 17. Mark's Gate 'Open Gateway' Regeneration Scheme - Update (Pages 239 - 250)**
- 18. Any other confidential or exempt items which the Chair decides are urgent**

CABINET

Tuesday, 22 January 2013
(5:00 - 6:30 pm)

Present: Councillor R Gill (Deputy Chair in the Chair), Councillor J L Alexander, Councillor M A McCarthy, Councillor L A Reason, Councillor P T Waker, Councillor J R White and Councillor M M Worby

Also Present: Councillor S Ashraf, Councillor P Burgon, Councillor G Letchford, Councillor J E McDermott, Councillor J Ogungbose, Councillor A Salam and Councillor D Twomey

Apologies: Councillor L A Smith, Councillor H J Collins and Councillor C Geddes

78. Declaration of Members' Interests

There were no declarations of interest.

79. Minutes (19 December 2012)

The minutes of the meeting held on 19 December 2012 were confirmed as correct.

80. Budget Monitoring 2012/13 - April to November 2012

The Cabinet Member for Finance presented a report on the Council's revenue and capital budget position for the 2012/13 financial year as at 30 November 2012.

The General Fund was now projected to achieve an end of year under spend of £1.135m which would result in the General Fund balance increasing to £15.5m (which corrected figures that appeared in the summary section of the report). The Cabinet Member advised that, further to Minute 49 (13 November 2012), the level of risk associated with the Local Authority Error Rate had reduced as a result of the error rate being brought down to 0.40% from 0.46%.

With regard to Housing General Fund expenditure, the Corporate Director of Housing and Environment referred to the significant pressures arising from the Council's obligations to the homeless, particularly in respect of the costs of bed and breakfast accommodation. He advised that the number of placements in bed and breakfast accommodation had been reduced to approximately 100 from a previous high of almost 300 but the benefit cap on that type of accommodation, coupled with the proposed changes by Government to benefit rules, meant that the issue would continue to be closely monitored. In respect of the benefit rule changes, it was noted that several Councils, including Croydon, were taking part in a pilot to test the changes.

The Housing Revenue Account (HRA) continued to show a projected break-even position, although there were significant pressure areas within that overall position which were being mitigated through other means such as the investment of HRA surpluses. The Cabinet Member for Environment referred to the £138,000 pressure as a result to delays in the implementation of the Garage Strategy

approved by Cabinet on 22 May 2012 (Minute 4) and sought clarification of the arrangements for ensuring that income generation targets put forward as part of the annual budget process were achieved. The Deputy Chief Financial Officer referred to the schedule at Appendix B to the report relating to savings targets within General Fund estimates but it was noted that similar information relating to the HRA was not included. Officers were asked to prepare a detailed report for consideration by Cabinet Members on all income generation targets, to include the arrangements for ensuring that they were realistic and achievable in the first place as well as the ongoing monitoring.

The Capital Programme forecast reflected further slippage on the position reported at the last meeting, primarily due to delays in the School Places Programme.

Cabinet **agreed**:

- (i) To note the projected outturn position for 2012/13 of the Council's revenue budget at 30 November 2012, as detailed in paragraphs 2.3 to 2.11 and Appendix A of the report;
- (ii) To note the progress against the 2012/13 savings targets at 30 November 2012, as detailed in paragraph 2.12 and Appendix B of the report;
- (iii) To note the position for the HRA at 30 November 2012, as detailed in paragraph 2.13 and Appendix C of the report; and
- (iv) To note the projected outturn position for 2012/13 of the Council's capital budget at 30 November 2012, as detailed in paragraph 2.14 and Appendices D and E of the report.

81. ICT Strategy 2012 - 2017

The ICT and Information Governance Officer presented a report introducing a draft, five-year ICT Strategy which was underpinned by the following five design principles:

- Continue to implement channel shift to support service delivery that is "online by default" in order to achieve savings. This would mean that online delivery would be implemented wherever it was practical, affordable and appropriate.
- Ensure that appropriate access methods were in place for residents and service users who were digitally excluded, including mediated access to online services.
- Make effective use of the tools and systems that were already in place and ensure that staff had appropriate skills.
- Provide staff with appropriate tools to carry out their work.
- Make use of shared services, shared platforms and cloud computing whenever possible, including the use of standard products and processes when implementing new systems.

The ICT and Information Governance Officer explained that the draft Strategy was a strategic document and individual projects to be delivered under the umbrella of the Strategy would be progressed through the Council's Modernisation and

Improvement Programme Board (MIPB). The MIPB would have the responsibility for ensuring that there was an explicit link between service delivery to customers, ICT service costs and the impact of the ICT service on operational cost and effectiveness. Cabinet Members commented that they would nevertheless expect all strategies to contain, as a minimum, high-level financial information covering historical costs, current budget provision and projected costs for key projects expected to be delivered over the life of the strategy. Other issues that arose during the course of the discussions related to:

- a) The need for customers to be able to log in to the Council's website at a single point and undertake all related transactions, such as payments for Council services. In that respect, officers referred to the development of the 'My Account' facility and it was noted that the Corporate Management Team had recently endorsed proposals to extend that facility to services such as housing, benefits, parking, leisure and adult social care;
- b) The need to keep pace with trend changes and new technological developments in relation to customer interaction. Officers confirmed that there was a general commitment to ensuring that services were compatible with all devices used to access the internet, such as smartphones;
- c) New services being evaluated post-implementation to ascertain uptake levels, costs of implementation, value for money etc.. In that regard, officers were asked to present a report to Cabinet Members on the 'My Account' facility; and
- d) Future ICT equipment roll-outs to offer choice to suits individuals' needs and requirements, rather than a "one size fits all" approach. As an example of previous poor practice, the Cabinet Member for Environment referred to the roll-out of laptops and printers to Councillors several years ago while, on the positive side, Councillor McDermott referred to the potential benefits if iPads were to be made available to Councillors.

Cabinet **agreed** to reconsider the Strategy at its next meeting in the light of the additional financial and other information that was requested.

82. New Abbey Leisure Centre - Contract Award

Further to Minute 28 (23 August 2011), the Cabinet Member for Finance introduced a report on proposals to progress the development of the new leisure centre in Barking Town Centre.

The Cabinet Member outlined the work that had taken place to date which included the appointment of S&P Architects, who had also acted as design consultant on the Becontree Leisure Centre project, and the tendering of the construction contract for the new leisure centre via the Council's Construction Framework Agreement. The Divisional Director of Culture and Sport gave examples of the significant increase in membership and participation levels at the Becontree Leisure Centre since its opening in 2011 and confirmed that a similar level of uptake was anticipated at the new leisure centre. Councillor Ashraf asked whether the facilities and activities at the new centre would be better suited to individuals' cultural and religious backgrounds. The Divisional Director confirmed that those factors had been taken into account during the design phase of the

project and the staffing and sessional arrangements would also be more considerate to individuals' requirements. The Divisional Director undertook to continue to liaise with Councillor Ashraf on her concerns and to also liaise with Councillor McDermott regarding the Elderberries group.

With regard to the construction of the new leisure centre, officers confirmed that the tender had included a requirement for residents of the Borough to be employed on the construction project. The Cabinet Member for Health suggested that all large construction contracts let by the Council should, in future, require contractors to fund apprenticeships for local residents. The Cabinet Member for Health also commented on car parking in the area, as there would be a reduction in available spaces as a consequence of the new development and also because a number of previous developments in the area had not met required levels. The Divisional Director of Regeneration advised that the Council's Local Development Framework had been reviewed in the light of the shortfall in the area and he outlined several new opportunities that would help to meet demand in the area.

The Cabinet Member for Finance referred to the total budget projection of £12.98m, of which approximately £10.5m related to the construction costs. Officers agreed to provide Cabinet Members with the comparative information from the procurement exercise.

Cabinet agreed:

- (i) To the placing of an order in the sum of £10,493,937 (excluding public realm works) with Willmott Dixon Construction Limited to construct a leisure centre, as detailed in the report;
- (ii) To the placing of an order in the sum of £345,000 with Willmott Dixon Construction Limited to implement the public realm works surrounding the new leisure centre;
- (iii) That the total cost of preparing the site, building the leisure centre and equipping it (up to £12,980,000) be funded in accordance with the proposals set out in section 5 of the report;
- (iv) To continue the appointment of the existing Design Team and Project Manager through to the completion of the project, as set out in section 2 of the report;
- (v) To the design and development parameters for the leisure centre detailed in section 2 of the report;
- (vi) In principle, that the new centre be named 'Abbey Leisure Centre' and authorised the Corporate Director of Adult and Community Services, in consultation with the Leader of the Council, to make the final decision on the matter;
- (vii) That officers seek to recover from the proposed purchaser the costs associated with maintaining and securing the Goresbrook Leisure Centre site from 1 January 2013 until its disposal, which otherwise would be met from the capital receipt from the sale of that site; and

- (viii) That the Abbey Sports Centre site be marketed with immediate effect with a view to completing disposal on or around the opening of the new leisure centre and to authorise the Chief Executive, in consultation with the Leader of the Council, Cabinet Member for Finance and Head of Legal and Democratic Services, to agree terms and enter into all necessary legal documentation regarding the disposal.

83. Disposal of Former Mayesbrook Nursing Home, Bevan Avenue, Barking

The Cabinet Member for Finance presented a report on proposals to market the former Mayesbrook Nursing Home site for disposal.

The Cabinet Member advised that the site was no longer required for its former purposes and had been identified as suitable for new housing. The sale of the site would enable the Council to make efficiency savings through the cessation of the costs associated with owning the property and would enable transformation of a site that presently featured a derelict building into a residential development, providing a mixture of dwelling types.

The Cabinet Member outlined the three options on which offers would be invited and confirmed that Ward Councillors would continue to be consulted on the project.

Cabinet **agreed**:

- (i) The disposal of the Council's freehold interest in the former Mayesbrook Nursing Home site shown edged red on the plan at Appendix 1 to the report;
- (ii) To authorise the Chief Executive, in consultation with the Divisional Director of Finance and the Head of Legal and Democratic Services, to negotiate terms for disposal of the freehold interest in the property, for either a capital receipt at the maximum price that can reasonably be negotiated (subject to the proposed sale being at open market value) or the provision of housing units to the Council, with no capital receipt, in exchange for the property; and
- (iii) That the decision to dispose of the property be the subject of a further report to the Cabinet in the light of the offers received.

84. Community Infrastructure Levy Draft Charging Schedule

Further to Minute 114 (14 February 2012), the Cabinet Member for Regeneration reported on the latest phase of the process to implement a Community Infrastructure Levy (CIL), which would largely take over from Section 106 planning agreements as the primary means of obtaining a contribution from developers towards new infrastructure requirements as a consequence of new developments.

The Cabinet Member referred to the changes that had been made in the light of responses to the initial, preliminary draft consultation process and advised that the next stage of the statutory process would involve consultation on the draft CIL and then submission for independent examination.

Cabinet **agreed to recommend the Assembly** to approve the Barking and Dagenham Community Infrastructure Levy Draft Charging Schedule for consultation and submission for examination.

85. Proposed Amalgamation of Rush Green Infant and Junior Schools

The Cabinet Member for Children's Services introduced a report on the proposed amalgamation of Rush Green Infant and Junior Schools to form a Primary School effective from the next school term.

The Cabinet Member referred to the key benefits of amalgamation and the Corporate Director of Children's Services confirmed that the two Governing Bodies had voted in favour of the amalgamation the previous evening.

Cabinet **agreed** the amalgamation of Rush Green Infant and Junior Schools to create an all-through Primary School with effect from 1 April 2013, via the closure of the existing Infant School and expansion of the premises and age range of the existing Junior School.

86. Contract for Provision of Personal Protective Equipment (PPE) and Uniform

The Cabinet Member for Finance presented a report on proposals to procure a contract for the provision of personal protective equipment (PPE) and uniform, led by the Council on behalf of East London Solutions.

The Cabinet Member explained that the contract would assist the Council in meeting its commitment to the health, safety and wellbeing of employees and was expected to achieve cost efficiencies through economies of scale.

Cabinet **agreed**:

- (i) The procurement of a three-year Term Contract for supply of PPE and Uniform commencing 1 May 2013, with the option of a one-year extension to 30 April 2017 subject to satisfactory performance of the appointed contractor, on the terms detailed in the report; and
- (ii) That a further report be presented on the outcome of the procurement exercise in order for the Cabinet to award the contract.

87. Contract for Provision of Taxi Services for Children with Special Educational and Complex Needs

The Cabinet Member for Children's Services introduced a report seeking approval to procure a new contract to provide taxi services to children with special educational and complex needs.

The Cabinet Member advised that it was originally intended to participate in a joint borough arrangement with the Newham Council, but that option had not proved successful. As a consequence, the existing contract was extended to 30 April 2013 to enable the proposed procurement to be completed.

Cabinet **agreed**:

- (i) The procurement of a four-year Framework Agreement for the provision of taxi services for children with special educational and complex needs from 1 May 2013, as detailed in the report; and
- (ii) That a further report be presented on the outcome of the procurement exercise in order for the Cabinet to appoint the successful tenderer(s) to the Framework Agreement.

88. Contract for Provision of Community Alcohol Services

The Cabinet Member for Crime, Justice and Communities presented a report on the proposed re-tendering of the Community Alcohol Services contract.

The Cabinet Member referred to the key achievements of the service, which included a 136% increase in the amount of people accessing alcohol treatment. It was noted that a draft Alcohol Strategy would be presented to the next meeting of the Cabinet, reflecting the Council's strong approach to tackling alcohol-related crime and disorder in the Borough.

Cabinet agreed:

- (i) The procurement of a three-year contract for the provision of Community Alcohol Services to a maximum value of £2,233,085 commencing 1 June 2013, with an option to extend for a further period of up to two years dependent upon satisfactory performance by the appointed provider and availability of funding, on the terms detailed in the report; and
- (ii) That the Corporate Director of Adult and Community Services, in consultation with the Cabinet Member for Crime, Justice and Communities, the Head of Legal and Democratic Services and the Divisional Director of Finance, be authorised to award the contract on conclusion of the procurement process.

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CABINET

12 February 2013

Title: Budget Monitoring 2012/13 - April to December 2012	
Report of the Cabinet Member for Finance	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Steve Pearson, Group Accountant, Corporate Finance	Contact Details: Tel: 020 8227 5215 E-mail: steve.pearson@lbbd.gov.uk
Accountable Divisional Director: Jonathan Bunt, Divisional Director of Finance	
Accountable Director: Graham Farrant, Chief Executive	
<p>Summary:</p> <p>This report provides Cabinet with an update of the Council's revenue and capital position for the nine months to the end of December 2012 projected to the year end.</p> <p>The Council began the current financial year in a better financial position than the previous year with a General Fund (GF) balance of £14.3m.</p> <p>At the end of December 2012, total service expenditure for the full year is projected to be £176.2m against the approved budget of £177.4m, a projected under spend of £1.7m. Explanatory summaries are contained in section 2 of this report.</p> <p>The current projected under spend of £1.7m would result in the General Fund balance increasing to £16.0m.</p> <p>The Housing Revenue Account (HRA) is projected to underspend by £200k, increasing the HRA reserve to £8.5m. The HRA is a ring-fenced account and cannot make contributions to the General Fund.</p> <p>The Capital Programme has been updated to reflect project roll-overs and changes approved at Cabinet, and the budget at the end of December stands at £148.3m. Capital budgets cannot contribute to the General Fund revenue position although officers ensure that all appropriate capitalisations occur.</p>	
Recommendation(s)	
<p>The Cabinet is recommended to:</p> <p>(i) Note the projected outturn position for 2012/13 of the Council's revenue budget at 31 December 2012, as detailed in paragraphs 2.3 to 2.11 and Appendix A of the report;</p> <p>(ii) Note the progress against the 2012/13 savings targets at 31 December 2012, as detailed in paragraph 2.12 and Appendix B of the report;</p>	

- (iii) Note the position for the HRA at 31 December 2012, as detailed in paragraph 2.13 and Appendix C of the report;
- (iv) Note the projected outturn position for 2012/13 of the Council's capital budget at 31 December 2012, as detailed in paragraph 2.14 and Appendices D and E of the report;

Reason(s)

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

1 Introduction and Background

- 1.1 The Final Outturn report to Cabinet on 26 June 2012 reported that, as at 31 March 2012, general fund balances stood at £14.3m; an increase of £3.5m on the position twelve months earlier.
- 1.2 This report provides a summary of the Council's General Fund and HRA revenue and capital positions. It also provides an update on progress made to date in the delivery of the agreed savings targets built into the 2012/13 budget setting out risks to anticipated savings and action plans to mitigate the risk.
- 1.3 It is important that the Council regularly monitors its revenue and capital budgets to ensure good financial management. This is achieved within the Council by monitoring the financial results on a monthly basis through briefings to the Cabinet Member for Finance and reports to Cabinet. This ensures Members are regularly updated on the Council's overall financial position and enables the Cabinet to make relevant financial and operational decisions to meet its budgets.

2 Current Overall Position

- 2.1 The current Directorate revenue projections indicate an under spend of £1.2m for the end of the financial year, made up as follows:
 - £0.1m over spend in Finance and Resources due to pressures in the Revenues & Benefits court costs income budgets;
 - (£0.6m) under spend in the Chief Executive Directorate from vacancies;
 - (£1.2m) under spend in Central Expenses against the interest budgets.

The initial forecast of a £1.7m under spend would result in the Council's General Fund balance remaining above the budgeted target of £10.0m. The Chief Finance Officer has a responsibility under statute to ensure that the Council maintains appropriate balances. Actions have already been put in place to reduce the Council's net out-goings and ensure a balanced position by year end to maintain the available level of balances.

- 2.2 The Corporate Director of Finance and Resources, after consideration of the factors outlined in the CIPFA guidance on Local Authority Reserves and Balances 2003, set a target GF reserves level of £10.0m. The General Fund balance at 31 March

2012 was £14.3m and the current projected balance for the end of the financial year is £15.5m.

At the end of December 2012, the HRA is forecasting to underspend by £200k and increase the HRA reserve to £8.5m.

	Balance at 1 April 2012	Projected Balance at 31 March 2013	Target Balance at 31 March 2013
	£'000	£'000	£'000
General Fund	14,346	16,058	10,000
Housing Revenue Account (including Rent Reserve)	8,269	8,469	8,269

2.3 The current full year projection to 31 March 2013 across the Council for the General Fund is shown in the table below.

Council Summary	Net Budget £'000	Full year projection at Dec 2012 £'000	Over/(under) Budget Projection £'000
<u>Directorate Expenditure</u>			
Adult and Community Services	62,982	62,982	-
Children's Services	70,164	70,164	-
Housing and Environment	21,866	21,866	-
Finance and Resources	21,674	21,794	120
Chief Executive	802	152	(650)
Central Expenses	(109)	(1,271)	(1,162)
Total Service Expenditure	177,379	176,707	(1,692)

The current projection would increase the General Fund to £16.0m, which is over the minimum level recommended by the Corporate Director of Finance and Resources.

2.4 Directorate Performance Summaries

The key areas of potential over spend and risks are outlined in the paragraphs below.

2.5 Adult and Community Services

Directorate Summary	2011/12 Outturn	2012/13 Budget	2012/13 Projection
	£'000	£'000	£'000
Net Expenditure	69,951	62,982	62,982
Projected over/(under)spend			-

The Adult and Community Services forecast out-turn position at the end of month 9 of the 2012/13 financial year is to break-even.

A challenging savings target of £3.392m (alongside a further £370k of Senior Manager & Policy Team savings) is built into the 2012/13 budget. There are pressures on some of the savings targets, but overall these will be managed to ensure that the savings target is delivered.

2.6 Children's Services

Directorate Summary	2011/12 Outturn	2012/13 Budget	2012/13 Projection
	£'000	£'000	£'000
Net Expenditure	69,729	70,164	70,164
Projected over/(under)spend			-

A full budget monitoring exercise was not undertaken for December as the departmental finance team was focussing on working through the financial implications of the school funding reforms. This work is now complete and full monitoring will resume for January. The high risk demand led placement budgets were however monitored and no changes from the previous month are forecast.

2.7 Dedicated School Grant (DSG)

The DSG is a ring fenced grant to support the education of school aged pupils within the borough. The grant is allocated between the Schools and Centrally Retained budget in agreement with the Schools Forum. The indicative 2012/13 DSG allocation is £196.1m with £20.4m being retained centrally.

2.8 Housing and Environment

Directorate Summary	2011/12 Outturn	2012/13 Budget	2012/13 Projection
	£'000	£'000	£'000
Net Expenditure	23,579	21,866	21,866
Projected over/(under)spend			-

The Housing and Environment General Fund budget is currently forecast to break even as at period 9, which is consistent to that reported in period 8. However, there are still significant pressures within these budgets.

The main pressure is in the Housing General Fund, particularly in relation to the high numbers of homeless placements in Bed and Breakfast accommodation. These placements are a significant cost to the Council due to the benefit cap on this type of accommodation.

This pressure is being mitigated with a number of in-year actions, and there are a number of risks in the deliverability of these which are being monitored closely. In addition, there are also factors outside of the control of the service such as a higher than anticipated increase in demand for homeless placements and the prevailing market conditions within the private sector rented market. These may lead to a cost higher than the current forecast.

A freeze on spend, where possible, has also been applied to ensure that the department overall can come in on budget by year end.

The department started the year with a savings target of £2.3m. A high proportion of the savings will be fully delivered but there is currently an overall pressure of around £350k. This is mainly due to significant pressures facing the Housing General Fund as mentioned above, which in turn affects the deliverability of the £350k saving for CUS/SAV/10 (see para. 2.12 and appendix B).

2.9 Finance and Resources

Directorate Summary	2011/12 Outturn	2012/13 Budget	2012/13 Projection
	£'000	£'000	£'000
Net Expenditure	25,523	21,674	21,794
Projected over/(under)spend			120

The Finance & Resources department is currently forecast to overspend by approximately £120k. There is a continued pressure arising from the under-recovery of court cost income in Revenues & Benefits of approximately £648k and this is being mitigated by a freeze on expenditure within the department where possible.

Further action plans are currently being formulated to further reduce the projected overspend so that the Department will break even by the year end. For 2012/13 the department had a total savings target of £2.6m and all of the individual savings are forecast to be delivered.

2.10 Chief Executive

Directorate Summary	2011/12 Outturn	2012/13 Budget	2012/13 Projection
	£'000	£'000	£'000
Net Expenditure	122	802	152
Projected over/(under)spend			(650)

The services within the Chief Executive department are currently forecast to underspend by £650k mainly as a result of vacancies held within the services and prudent use of other budgets including supplies & services and third party payments.

For 2012/13 the department had a total savings target of £2.3m and there is currently a projected shortfall in delivery of £136k in respect of the HR targets but this is being managed by reductions in other expenditure.

2.11 Central Expenses

Directorate Summary	2011/12 Outturn	2012/13 Budget	2012/13 Projection
	£'000	£'000	£'000
Net Expenditure	(1,941)	(109)	(871)
Projected over/(under)spend			(762)

Due to the management of our cash balances a net under spend of £762k is projected against the budgets for interest payable and interest receivable.

2.12 In Year Savings Targets

The delivery of the 2012/13 budget is dependent on meeting a savings target of £19.0m. Directorate Management Teams are monitoring their targets and providing a monthly update of progress which is summarised in the table below. A detailed breakdown of savings and explanations for variances is provided in appendix B.

Directorate Summary of Savings Targets	Target £'000	Projection £'000	Shortfall £'000
Adult and Community Services	3,392	3,392	-
Children's Services	3,410	3,410	-
Housing and Environment	2,331	1,981	350
Finance & Resources	2,591	2,591	-
Chief Executive	2,300	2,164	136
Central Expenses	5,000	5,000	-
Total	19,024	18,375	486

2.13 Housing Revenue Account (HRA)

The HRA is currently forecast to produce a surplus of £200k in 2012/13. There are some areas where budget pressures are being mitigated by additional income generated, or maximising interest income.

Income

There is a favourable net rental surplus of £285k being forecast, mainly arising from the short term renting of decanted properties for temporary accommodation that would have otherwise remained void pending demolition/refurbishment. In addition, there will be income from higher than anticipated water charges of £341k.

The HRA is also benefitting from an estimated additional £474k of interest on cash balances. This has arisen as a prompt and conscious response to elements of the capital schemes needing longer than was originally anticipated. This unanticipated income has helped to offset a £166k pressure due to delays in implementation of the Garage strategy. Adding all items together, the net favourable variance in the income budgets is £934k.

Expenditure

There are one-off costs of £450k in relation to additional work required to implement the new Repairs & Maintenance service contract. This will become an in-house operation and will lead to annualised savings in future greater than any implementation costs. These costs are currently being contained within the overall R&M budget, which is only forecasting a pressure of £130k (net of works that are capitalised).

There is a further nominal pressure in Supervision & Management relating to energy costs of £200k, which will be carried forward to next year,, and water charges of £341k which will be recovered from the tenants and leaseholders this year, as shown above.

Other pressures are:

- a one- off charge from the Housing Strategy team for the additional work involved in the implementation of the new HRA Business Plan and asset management strategy of £200k;
- staffing spend above budget of £420k; and
- increased transport costs of £170k.

Items offsetting these pressures are:

Complementary to the interest earned on improved cash flow due to the extended capital programme, interest of £324k on predicted borrowing in 2012/13 of £8.5m for the Decent Homes capital programme will not now be paid. In addition a reduced estimate for in-year debt write offs by £109k and a council tax voids by £94k, will reduce the total pressure on HRA expenditure. Adding all these items together, the net unfavourable variance in the spend budgets is £734k.

HRA Balance

When put together with the favourable variance from the income budgets, the overall impact is that the net spend is a surplus of £200k. The HRA maintains revenue reserves balance of £8.3m. Currently it is anticipated that this £200k surplus would be used to increase the balance to £8.5m by the end of 2012/13. There is also a budgeted contribution to capital resources of £36.688m, and this is forecast to be achieved.

2.14 Capital Programme

The Capital Programme forecast is as follows:

Directorate Summary of Capital Expenditure	Budget £'000	Actual Year to Date £'000	Projected Outturn £'000	Projected Variance £'000
Adult & Community Services	6,110	3,223	6,013	(97)
Children's Services	64,117	23,186	36,299	(27,818)
Housing & Environ (non HRA)	7,637	5,748	7,870	233
HRA	51,670	16,873	35,048	(16,622)
Finance & Resources	18,740	4,576	14,343	(4,397)
Total	148,274	53,606	99,573	(48,701)

A detailed Capital Programme forecast is provided at Appendix D.

Variances by area are largely due to slippage and are summarised below:

Adult & Community Services

- Community Services, Heritage & Libraries – (£91k) under spend
- Leisure Services – (£6k) under spend

Children's Services

- Schools – the under spend is largely due to the £26.9m under spend reported last month, around slippage on Schools Places programme. This will be re-profiled into 2013/14 to reflect the plans reported to the meeting of the Cabinet on 13 November 2012 (Minute 51), which identified projects to be undertaken in relation to Basic Needs grant funding from the government of £75.6m.

Housing & Environment

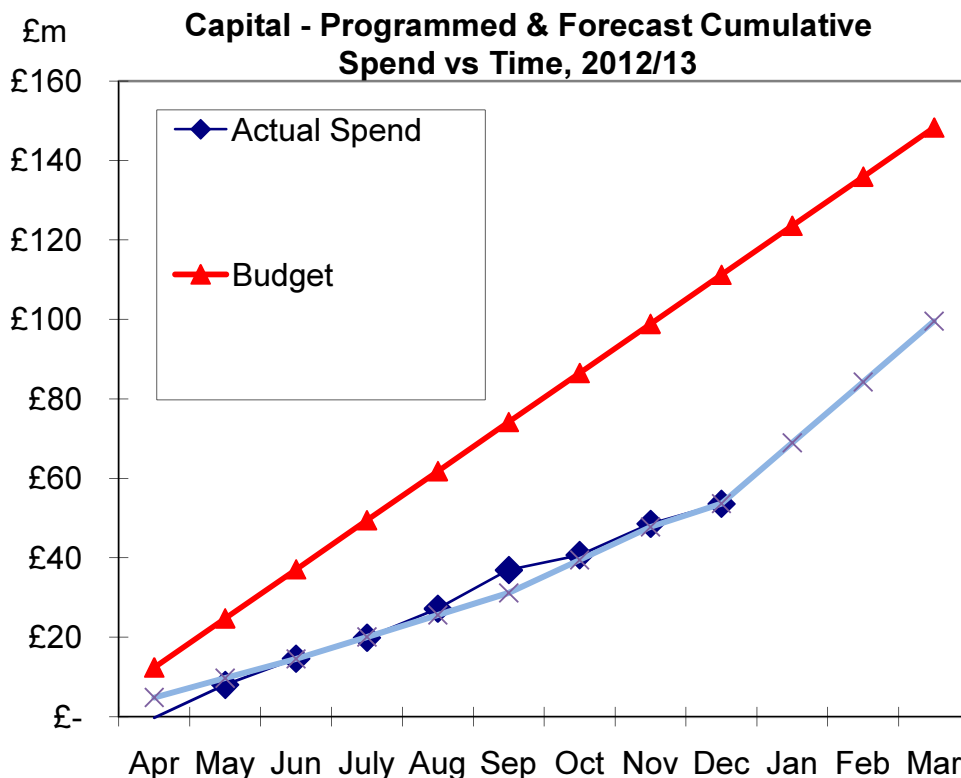
- Housing Revenue Account – (£16.6m) under spend to be re-profiled into 2013/14.
- Environment - £233k over spend largely around implementation of the parking strategy.

Finance & Resources

- Asset Strategy – (£20k) under spend
- ICT – (£1,147k) slippage on Oracle R12 project
- Regeneration – (£230k) under spend
- Capitalisation of redundancies – (£3m) under spend. There will not be a capitalisation directive from central government this year for authorities to apply to capitalise these costs. Any statutory redundancy costs this year will have to be met from revenue.

Explanations for project variances over £100k are provided in Appendix E.

Year to date capital expenditure totals £53.6m representing only 54% of the total forecast after three quarters of the financial year. The following graph compares projected spend against programmed spend for the year:



This illustrates that actual spend to date is well below budgeted levels (after re-profiling) and project sponsors are forecasting that expenditure will double to approximately £100m in the last three months of the financial year.

2.15 Financial Control

At the end of December all key reconciliations have been prepared and reviewed and no major reconciling items unexplained.

3 Options Appraisal

3.1 The report provides a summary of the financial position at the relevant year end and as such no other option is applicable for appraisal or review.

4 Consultation

4.1 The report has been circulated to appropriate Divisional Directors for review and comment.

4.2 Individual Directorate elements have been subject to scrutiny and discussion at their respective Directorate Management Team meetings.

5 Financial Implications

5.1 This report details the financial position of the Council.

6 Legal Issues

6.1 Local authorities are required by law to set a balanced budget for each financial year. During the year there is an ongoing responsibility to monitor spending and ensure the finances continue to be sound. This does mean as a legal requirement there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met.

Background Papers Used in the Preparation of the Report

- Final Revenue and Capital Outturn 2011/12; Cabinet 26 June 2012;
- Budget Framework 2012/13; Cabinet 14 February 2012.

Appendices

- A – General Fund expenditure by Directorate
- B – Savings Targets by Directorate
- C – Housing Revenue Account Expenditure
- D – Capital Programme
- E – Explanation for Capital Variances

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**GENERAL FUND REVENUE MONITORING STATEMENT
DECEMBER 2012/13**

Directorate	Outturn 2011/12	Original Budget	Working Budget	Projected Outturn	Projected Variance
	£'000	£'000	£'000	£'000	£'000
<u>Adult & Community Services</u>					
Adult Care & Commissioning	46,070	45,489	46,002	46,002	-
Mental Health	3,770	3,861	3,419	3,719	300
Community Safety & Neighbourhood Services	4,463	4,403	4,425	4,175	(250)
Culture & Sport	9,796	8,067	8,113	8,063	(50)
Management	267	679	1,023	1,023	-
	64,366	62,499	62,982	62,982	-
<u>Children's Services</u>					
Education	7,303	3,064	3,436	3,003	(433)
Targeted Support	12,146	10,017	10,243	9,583	(660)
Complex Needs and Social Care	33,402	29,339	29,075	30,856	1,781
Commissioning and Safeguarding	4,292	3,789	4,097	4,097	-
Other Management Costs	12,586	22,083	23,313	22,625	(688)
	69,729	68,292	70,164	70,164	-
<u>Children's Services - DSG</u>					
Schools	(17,739)	(22,358)	(21,878)	(21,878)	-
Quality & Schools Improvement	4,959	5,953	5,953	5,953	-
Integrated Family Services	4,032	4,713	4,713	4,713	-
Safeguarding & Rights Services	5,909	5,763	5,763	5,763	-
Children's Policy & Trust Commissioning	493	1,182	1,182	1,182	-
Skills and Learning	-	-	-	-	-
Other Services	2,346	4,747	4,267	4,267	-
	-	-	-	-	-
<u>Housing & Environment</u>					
Environment & Enforcement	20,355	19,719	19,989	19,989	-
Housing General Fund	3,224	1,611	1,877	1,877	-
	23,579	21,330	21,866	21,866	-
<u>Finance & Resources</u>					
F&R Directorate	5,283	4,392	4,587	4,357	(230)
Finance (including Audit & Risk and Subsidy)	(841)	(638)	(352)	(535)	(183)
Regeneration & Economic Development	5,302	4,880	5,034	5,078	44
Emergency Planning & Operations	-	563	-	-	-
Customer Services, Contracts & Improvement	14,431	9,950	10,536	11,255	719
Assets & Facilities Management	1,348	1,130	1,869	1,719	(150)
Corporate Client	-	129	-	-	-
	25,523	20,406	21,674	21,874	200
<u>Chief Executive Services</u>					
Chief Executive Unit	(228)	-	(150)	(235)	(85)
Marketing & Communications	-	-	39	(74)	(113)
Corporate Policy & Public Affairs	217	-	-	(76)	(76)
Legal & Democratic Services	60	377	623	403	(220)
Human Resources	73	-	290	134	(156)
	122	377	802	152	(650)
<u>Other</u>					
Central Expenses	(10,528)	(8,383)	(12,108)	(12,870)	(762)
Contingency	-	3,938	3,079	3,079	-
Levies	8,587	8,920	8,920	8,920	-
	(1,941)	4,475	(109)	(871)	(762)
TOTAL	181,378	177,379	177,379	176,167	(1,212)

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GENERAL FUND SAVINGS MONITORING STATEMENT**DECEMBER 2012/13****Adult and Community Service**

Reference	Detail	Explanation for Variance Where Applicable	Target £'000	Forecast £'000	Variance £'000
ACS/SAV/01	Reductions to services funded by Area Based Grant	On line to be achieved	1,251	1,251	-
ACS/SAV/02	Inclusion of Tenancy Sustainment Team in remodel and retender of floating support.	On line to be achieved	120	120	-
ACS/SAV/03	Remodeling homecare services in line with the principles of personalisation	On line to be achieved	20	20	-
ACS/SAV/04	Revisions to pricing framework for Care Home Placements	On line to be achieved	20	20	-
ACS/SAV/06	Changes to in-house residential care service for adults with a learning disability (80 Gascoigne)	Saving behind schedule due to necessary building works. However, the saving is being managed within the Directorates budgets.	125	125	-
ACS/SAV/07	Learning Disability Day Services Management Saving	On line to be achieved	25	25	-
ACS/SAV/08	Reducing Children's to Adults' transition costs	On line to be achieved	50	50	-
ACS/SAV/09	Reconfiguration of mental health services	On line to be achieved	98	98	-
ACS/SAV/10	Changes to grants to voluntary organisations	On line to be achieved	285	285	-
ACS/SAV/11	Broadway theatre	On line to be achieved	65	65	-

Reference	Detail	Explanation for Variance Where Applicable	Target £'000	Forecast £'000	Variance £'000
ACS/SAV/12	Closure of Goresbrook Leisure Centre	On line to be achieved	161	161	-
ACS/SAV/13	Olympic unit	On line to be achieved	32	32	-
ACS/SAV/14	Reduction to events and education programme	On line to be achieved	40	40	-
ACS/SAV/16	Libraries - charging for internet access	Due to a delay in implementing the necessary IT for this saving there will be some shortfall on income. However, this is being managed within the Directorates budgets	20	20	-
ACS/SAV/17	Expanding commercial opportunities at heritage venues	On line to be achieved – however, the saving is being reviewed regularly to make sure the income is being achieved.	10	10	-
ACS/SAV/18	Leisure Centres - Charges	On line to be achieved	310	310	-
ACS/SAV/19	Remodeling of crime and disorder services to develop Integrated Offender Management	On line to be achieved	112	112	-
ACS/SAV/20	Deletion of 4 Community Safety Co-ordinators	On line to be achieved	46	46	-
ACS/SAV/21	Non Staffing Supplies & Services Budgets	On line to be achieved	85	85	-
ACS/SAV/22	Libraries review	On line to be achieved	212	212	-
Feb 2011 Assembly	Commissioning Contracts & Purchase Savings	On line to be achieved	250	250	-
Feb 2011 Assembly	Community halls	On line to be achieved	175	175	-
Total			3,392	3,392	-

Children's Services

Reference	Detail	Explanation for Variance Where Applicable	Target £'000	Forecast £'000	Variance £'000
CHS/SAV/01	Alternative delivery method for Independent Review Officer (IROs) - Change the method of delivery of the independent reviewing officers posts	On line to be achieved	110	110	-
CHS/SAV/02	Prevention/Crisis Intervention/ Family Group Conferencing Merger of the three preventative services to create efficiencies	On line to be achieved	100	100	-
CHS/SAV/03	School Estate/School Investment Team partly funded from DSG	On line to be achieved	150	150	-
CHS/SAV/04	Youth and Engagement Team Efficiency	On line to be achieved	80	80	-
CHS/SAV/05	Common Assessment Framework (CAF) team reductions- reducing the number of posts in the CAF team	On line to be achieved	80	80	-
CHS/SAV/06	Catering efficiencies/reductions	On line to be achieved	150	150	-
CHS/SAV/07	CAMHS Schools Counselling contract ending that will not be renewed and reduction in primary and emotional team	On line to be achieved	60	60	-
CHS/SAV/08	Safeguarding Board Cost Reductions	On line to be achieved	30	30	-
CHS/SAV/09	14-19 Flexi Learning Services, General Fund element removal - reductions in support or through increased Dedicated Schools Grant (DSG) contribution	On line to be achieved	50	50	-
CHS/SAV/10	Connexions - Careers Reduction in Contract Value	On line to be achieved	700	700	-
CHS/SAV/11	Management Re-structure - reducing the number of post in the Assessment Team	On line to be achieved	50	50	-
CHS/SAV/12	Reducing Children's to Adults transition costs	On line to be achieved	50	50	-
CHS/SAV/13	Service Efficiencies and re-organisation	On line to be achieved	100	100	-
CHS/SAV/14	Disabled Children's Team - Contribution from short breaks funding on mainstreamed	On line to be achieved	100	100	-

Reference	Detail	Explanation for Variance Where Applicable	Target	Forecast	Variance
			£'000	£'000	£'000
	into base budget				
CHS/SAV/17	Education Inclusion/School Improvement - Staffing Review and Reductions	On line to be achieved	185	185	-
CHS/SAV/18	School Improvement Income - Raising the SLA income - charging Schools for services/Other Local authorities	On line to be achieved	60	60	-
CHS/SAV/19	Training Reductions	On line to be achieved	260	260	-
CHS/SAV/20	Reduction of Management costs in the Multi-agency Locality Teams	On line to be achieved	150	150	-
CHS/SAV/21	Portage Amalgamation	On line to be achieved	35	35	-
CHS/SAV/22	Reduction to Youth Commissioning Fund	On line to be achieved	100	100	-
Feb Assembly	Education Psychology Service - Combination of Staffing and increased school SLA income	On line to be achieved	100	100	-
Feb Assembly	Childcare Team	On line to be achieved	145	145	-
Feb Assembly	Reconfigure & merge Children's Centres, Merging 8 Children's Centres into 4	On line to be achieved	520	520	-
Feb Assembly	Family Information Services	On line to be achieved	45	45	-
Total			3,410	3,410	-

Housing and Environment

Reference	Detail	Explanation for Variance Where Applicable	Target £'000	Forecast £'000	Variance £'000
Feb Assembly	Transport savings from adjustments for affordability and reductions in use of buses	Savings plan based on cessation of two routes, of which only one route has been implemented. The second route planned to end towards Sept/Oct so will only realise part benefit in this financial year.	100	100	-
ACS/SAV/02	Inclusion of Tenancy Sustainment Team in remodel and retender of floating support.	Completed	120	120	-
CUS/SAV/03	Revisions to Domestic Refuse Collection and Recycling Services	On target, glass is now collected within regular domestic waste.	260	260	-
CUS/SAV/04	Relocation of Passenger transport services to a Frizlands depot and realignment of resources to optimise service delivery	Relocation confirmed. To liaise with Property Services to confirm arrangements.	206	206	-
CUS/SAV/05	Replace orange bags with recyclable bins	Capital bid approved from Oct 2012 – £100k was approved in Cabinet to be released form contingency to cover the period of delay.	200	200	-
CUS/SAV/06	Optimisation of Refuse fleet	On target, double shifting in operation from 1 st April	200	200	-
CUS/SAV/07	Management Restructure in Environmental Services	Have completed top layer, awaiting rest of service restructure	154	154	-
CUS/SAV/08	Turning down the lights to save energy	Meeting with Volker scheduled for 14/06 – savings generated from August onwards (8 months pro rata). Anticipated savings from 13/14 can be implemented early to cover the shortfall	138	138	-
CUS/SAV/09	Increase in cost of permits within Car Parking Zones	Costs and number of permits to be generated to be confirmed.	70	70	-
CUS/SAV/10	Converting private sector licence properties from old portfolio to the new contract at lower rates.	The savings target is a combination of reduction in B&B pressures, PSL conversions, and use of council own stock to reduce cost pressures. Whilst other items are controllable, the use of B&B properties has risen	350	0	350

Reference	Detail	Explanation for Variance Where Applicable	Target £'000	Forecast £'000	Variance £'000
		substantially in last few months.			
CUS/SAV/11	Reduced mowing to create naturalised environment	Receiving help of Ambassador Woodland, GLA, Woodland Trust etc.	33	33	-
CUS/SAV/12	Renegotiate Abandoned Vehicle contract	On target	12	12	-
CUS/SAV/13	Reduction in Environmental Enforcement	Initial savings was based on reduction of 4 posts, subsequently updated to include an increased income target - £20k to be generated in Area Services and £50k in Enforcement.	140	140	-
CUS/SAV/14	Making Parks more commercially sustainable	Difficulties occurring in implementing Parking charges in Parks (£9k). Grazing and Education at Millennium Centre partially achievable (£4.5k). Half of Bowling Greens savings and 'Golfwise' achievable (£25k). An action plan has been put in place to deliver the balance of the savings.	98	98	-
Feb Assembly	Housing Advice Restructure	Complete.	50	50	-
Feb Assembly	Re procurement of street lighting contract	On target for both Schedule 1 (planned) and 3 (other reactive works) to meet savings.	200	200	-
Total			2,331	1,981	350

Finance and Resources

Reference	Detail	Explanation for Variance Where Applicable	Target £'000	Forecast £'000	Variance £'000
FIN&RES/SA V/01	Transfer of Assets and Commercial Services division to Elevate	The transfer of the Property Services, BSF and Technical Support Sections took place on 1 st April 2012. Savings achieved through the deletion of posts in LBBD and the transfer of staff into established posts within the Elevate structure.	756	756	-
FIN&RES/SA V/02	Reviewing staffing levels within the Capital Programme Monitoring Office(CPMO), Corporate Programmes Team and Business Support	3 vacant posts have been deleted.	150	150	-
FIN&RES/SA V/04	External Risk Management Training - Cease external risk management training	Supplies and service budget reduced.	7	7	-
FIN&RES/SA V/06	One Stop Shop & Contact Centre Service Reduction	This saving is being delivered by Elevate. The affected staff did not leave until the middle / end of May; accordingly we will not see a dip in the performance figures until July.	203	203	-
FIN&RES/SA V/07	Review Out of Hours Contract	Savings currently delivered by Elevate.	25	25	-
FIN&RES/SA V/08	Reduction in the CIPFA trainee programme	Savings achieved.	70	70	-
FIN&RES/SA V/09	Recharging Pondfield House rent to the Housing Revenue Account	Saving achieved	200	200	-
FIN&RES/SA V/10	Reduction in Provision for Carbon Reduction Commitment (CRC)	Saving achieved through the charging of Schools CRC costs to the DSG	200	200	-
FIN&RES/SA V/11	Savings in Sustainable Communities/ Economic Development area	On target to be achieved. Posts have been deleted, and the affected staff have now left the organisation. Projects budgets have also been scaled back accordingly.	190	190	-
FIN&RES/SA V/12	Reorganisation of Development Planning team	On target – post deleted / person left, and supplies budgets have been reduced accordingly.	90	90	-

Reference	Detail	Explanation for Variance Where Applicable	Target £'000	Forecast £'000	Variance £'000
FIN&RES/SA V/13	Reorganisation of Employment & Skills team	On target. The employees have been reduced and the projects budget has been scaled back.	80	80	-
FIN&RES/SA V/14	Reduction to staffing in Job Shop and business support	On target – linked to savings above.	50	50	-
FIN&RES/SA V/15	Reduction of External Audit fees	A reduced bill is expected from the Audit Commission for this saving to be delivered.	30	30	-
FIN&RES/SA V/16	Reduction in Building Schools for the Future budget	Saving achieved as spend with consultants in the BSF area is now reducing.	50	50	-
Feb Assembly	Re-structuring of Staffing establishment and a reduction in non-employee budgets	The structure for 12-13 has been implemented and the service is operating within existing funding.	256	256	-
Feb Assembly	Reduction in accommodation costs through the Modern Ways of Working project	Saving achieved through the closure of Fortis House. Budgets to be transferred from Children's Services.	234	234	-
Total			2,591	2,591	-

Chief Executive

Reference	Detail	Explanation for Variance Where Applicable	Target £'000	Forecast £'000	Variance £'000
CEX/SAV/01	Restructure of Senior Managers	The achievement of this target will be dependent on the affected senior managers across the Council leaving on time.	810	810	-
CEX/SAV/02	Restructure of Policy Teams	Savings on target and affected staff have now left the organisation.	932	932	-
CEX/SAV/03	Restructure of Legal and Democratic services	Savings on target posts deleted, and affected staff have left Authority.	147	147	-
CEX/SAV/04	Merging Payroll and HR Support	Service currently being delivered by Elevate East London. The business case indicates that the only savings achievable will be £78k.	114	78	36
CEX/SAV/05	Reduction in spending on strategic HR	£100k of this savings target is subject to a review of Learning & Development spend across the departments which has been submitted to CMT for comment. If the review is agreed by CMT, department's budgets will have to be reduced in year to contribute towards this savings target.	150	50	100
Feb 2011 Assembly	CE Review – Marketing and Communications	Saving on target at this stage. Income target increased by £100k – but remains the biggest risk for the team. However if The News is as successful as last year, then the target will be fully met.	147	147	-
Total			2,300	2,164	136

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HOUSING REVENUE ACCOUNT MONITORING STATEMENT DECEMBER 2012/13

HOUSING REVENUE ACCOUNT	Outturn 2011/12 £'000	Original Budget £'000	Working Budget £'000	Projected Outturn £'000	Projected Variance £'000
Rents	(77,953)	(83,017)	(83,017)	(83,643)	(626)
Non Dwelling Rent	(2,484)	(2,574)	(2,574)	(2,408)	166
Other Income	(15,103)	(17,098)	(17,152)	(16,812)	340
Capitalisation of Repairs	(1,625)	(1,000)	(1,000)	(2,700)	(1,700)
Repairs and Maintenance	20,999	20,043	20,522	22,354	1,832
Supervision and Management	(233,356)	34,643	34,218	35,007	789
Rent Rates and Other	1,341	920	920	826	(94)
Depreciation	14,697	14,875	14,875	14,876	1
Bad Debt Provision	1,002	992	992	883	(109)
Interest Charges	1,296	9,685	9,685	9,360	(325)
Corporate & Democratic Core	811	811	811	811	-
Interest	(526)	(93)	(93)	(567)	(474)
Revenue Contribution to Capital	-	14,013	14,013	14,013	-
Repayment of Debt	-	7,800	7,800	7,800	-
Subsidy	21,057	-	-	-	-
Pensions	113	-	-	-	-
HRA Borrowing	265,912	-	-	-	-
Contribution to HRA Reserve	(3,819)	-	-	(200)	(200)

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Forecast Capital Programme Outturn December 2012/13

Forecast Capital Programme Outturn December 2012/13

Project No.	Scheme	Budget £'000	Actual £'000	Forecast Spend £'000	Variance £'000
Adult & Community Services					
1654	Ripple Hall (St Georges/Vol Group Relocation)	245	54	58	(187)
191	Eastbury House	11	4	11	
2233	Valence Site Redevelopment	54	24	54	
2872	Fews Lodge Extra Care Scheme	577	643	677	100
100	Disabled Adaptations (HRA)	494	380	494	
2888	Direct Pymt Adaptations	380	261	380	
2913	80 Gascoigne Road Care Home	327		327	
2266	Barking Park Restoration & Improvement	813	687	809	(4)
2768	Abbey Sports Centre (Wet Side Changing Areas)	9	6	6	(3)
2603	Becontree Heath Leisure Centre	249	93	249	
2815	Goresbrook Leisure Centre - Olympic Training Venue	20	17	17	(3)
2855	Mayesbrook Park Athletics Arena	796	432	796	
2870	Barking Leisure Centre 12-14	2,135	622	2,135	
Total For Adult & Community Services		6,110	3,223	6,013	(97)

Project No.	Scheme	Budget £'000	Actual £'000	Forecast Spend £'000	Variance £'000
<u>Children's Services</u>					
<u>Primary Schools</u>					
2555.01	Eastbury	113	5	113	
2745	George Carey CofE (formerly Barking Riverside) Primary School	940	(91)	940	
2736	Roding Primary School (Cannington Road Annex)	216	69	216	
2759	Beam Primary Expansion	98	12	98	
2799	St Joseph's Primary - expansion	356	274	356	
2800	St Peter's Primary - expansion	34		34	
2776	Thames View Infants - London TG Agreement	76	36	76	
2787	Cambell Junior - Expansion & Refurb	31	13	31	
2786	Thames View Juniors - Expansion & Refurb	468	93	136	(332)
2784	Manor Longbridge (former UEL Site) Primary School	576	250	576	
2789	Westbury - New Primary School	223	92	144	(79)
2790	St Georges - New Primary School	91	132	132	41
<u>Other Schemes</u>					
2793	Schools Modernisation Fund 2009-12	2,493	1,847	2,463	(30)
2742	Youth Access Card Scheme	43	45	45	2
2751	Kitchen Refurbishment 10/11	36	17	36	
2581	Schools Legionella Works		2	2	2
2809	Schools Reboiler & Repipe Fund 2010/11		12	12	12
2310	William Bellamy Children's Centre	6	(14)	3	(3)
2311	Becontree Children's Centre		(232)		
2217	John Perry Children's	10	(5)	10	
2651	Alibon Children's Centre	(9)		2	11
2739	Gascoigne Community Centre	(8)			8
2826	Conversion of Heathway to Family Resource Centre 512A Heathway (Phase 2) - Conversion to a Family Resource with additional teaching space	84	26	84	
2878	Devolved Capital Formula	117	156	156	39
9999	Dagenham Park School - PFI	2,235	782	2,235	
2825	Dagenham Park School - BSF (extra work)		36	36	36
2818	Sydney Russell School - BSF	11,383	10,435	11,383	
2859	Robert Clack Comprehensive Expansion	11	10	11	
2860	Monteagle Primary (Quadrangle Infill)	1,797	1,290	1,797	
2861	Eastbury Primary (Expansion)	750	213	750	
2863	Parsloes Primary (Expansion)	1,310	1,192	1,310	
2864	Godwin Primary (Expansion)	1,100	317	1,100	
2865	William Bellamy Primary (Expansion)	750	148	750	
2866	Dagenham Village Rectory Road Library (Expansion)	200		200	
2867	Southwood Primary (Expansion)	1,251	1,176	1,251	
2900	Becontree Primary Expansion	275	286	286	11
2924	St Joseph's Primary(Barking) Extn 12-13	1,680	1,011	1,680	
2929	Schools Modernisation Fund 2012-13	785	53	785	
2932	Trinity 6th Form Provsion	922	1	922	
2906	School Expansion SEN projects	550		300	(250)
2909	School Expansion Minor projects	550	282	350	(200)
2918	Roding Cannington	90	12	90	
2919	Richard Alibon Expansion	75	17	75	
2920	Warren/Furze Expansion	90	2	90	
2921	Manor Infants Jnr Expansion	100	20	100	
2922	Valence Halbutt Expansion	50		50	
2923	Rush Green Expansion	15		15	
	Programme of School Basic Need Funding 2011/12	216		216	
	New School Places - Primary & Secondary Schools 2012/13	27,780		691	(27,089)
	Provision of New School Places (Basic Needs) Contingency	752		752	
2724	Basic Needs Funding (Additional School Places)	62	(183)	62	
<u>Skills, Learning & Enterprise</u>					
2723	Skills Centre	3,344	3,347	3,347	3
Total For Children's Services		64,117	23,186	36,299	(27,818)

Project No.	Scheme	Budget £'000	Actual £'000	Forecast Spend £'000	Variance £'000
<u>Housing and Environment</u>					
<u>HRA</u>					
	HRA Business Plan 2012/13 - unallocated	12,889			(12,889)
2820	Boroughwide Estate Renewal - Gascoigne Decants	485	302	485	
2828	Boroughwide Estate Renewal - Leys Decants	255	245	255	
2829	Boroughwide Estate Renewal - Goresbrook Village Decants	560	436	560	
2856	Boroughwide Estate Renewal - LeaseHolders Buybacks (all)	8,685	4,720	8,685	
2857	Boroughwide Estate Renewal - Demolition (all)	713	162	567	(146)
2858	Boroughwide Estate Renewal - Demolition	1,653	171	1,653	
2915	Boroughwide Estate Renewal - Altorne Way	55		55	
2637	Dh Works Framework Contracts	5	5	5	
2640	MAJOR WORKS(ENTERPRISE) PROJ.	1,000	1,056	1,000	
2734	SAMS formerly remote concierge	70	18	70	
2641	Heating Works (Thaxted, Maxey & Humphries Houses)	65	63	65	
2645	Planning & Contingencies	750	94	750	
2727	CHP Programme	24		2	(22)
2728	Electrical Switch Gear	271	169	271	
2725	Extensions and deconversions		(13)		
2822	Communal Lighting & Electrical switchgear	510	421	510	
2726	External Enveloping Work	251	(15)	251	
2730	Sheltered Alarms Upgrade	11		11	
2731	Colne & Mersea Blocks	1,344	1,102	1,325	(19)
2811	Capitalised Improvement Works	147	87	147	
2813	Estate Improvement Project	900	331	900	
2824	Oldmead & Bartlett Remedial Works	103	82	103	
2844	Door Entry Project 11/12	1,533	315	1,200	(333)
2845	External Enveloping & Fire Proofing Project	2,454	1,264	1,024	(1,430)
2846	Defective Overflow Works	15		15	
2847	Central Heating Installation	1,871	671	1,871	
2848	Kitchen & Bathroom Replacement Project	1,676	1,539	1,676	
2849	High Rise Surveys	250	51	250	
2850	Capitalised Improvement Works (Estates)	250	171	250	
2853	Estate Improvements	684	182	684	
2852	Adaptations - Housing	129	62	129	
2880	Central Heating Installation (Phase II)	101	67	101	
2881	Kitchen, Bathroom, Central Heating & Rewire	1,884	1,768	1,884	
2882	Electrical Rewiring	326	79	326	
2772	King William Street Quarter (Phase 1)	80	3	80	
2773	New Build Council House Building (Phase 2 & 3)	1,400	1,065	1,400	
2757	Council House Building	237	1	237	
2823	New Council House Building - Phase 3	1,569		600	(969)
2917	Abbey Road CIQ	500	5	7	(493)
2916	Lawns & Wood Lane Development	300	156	200	(100)
	Wood Lane Land Cost	1,000		1,000	
2931	Leys New Builds Dev (HRA)	500		150	(350)
2933	Voids 12-14	100		500	400
2934	Roof Replacement Project	260	1	50	(210)
2935	Internal Works Multiple Elmnts	100		100	
2936	Rewiring (incl Smoke Alarms)	0		20	20
2937	CCTV/SAMS Phase 2	15		15	
2938	Fire Safety Works	150		150	
2939	Riverside House Refurb	100		20	(80)
2940	Door Entry Project 12/13 Phase II	50		50	
2941	Renewables (PVs & CSEPs additional External Enveloping Works	100	33	100	
2942	Travellers Site Refurbishment	50		50	
2943	Asbestos Removal (Communal Areas Only)	30		80	50
2944	R & M Set Up Costs	2,000		2,000	
2945	Street Properties Acquisition	500		500	
2946	Older Persons Housing Strategy Phase 1	0			
2947	External & Internal Lobby Painting Programme 12-14	500		500	
2949	External Enveloping incl Walkways Phase II	100	2	50	(50)
	Central Heating Installation Inc. Communal Boiler Replacement				
2950	Phase III	60	1	60	
	Electrical Switchgear inc. Communal & Emergency Lighting				
2951	Phase II	50	1	50	
Total HRA		51,670	16,873	35,049	(16,622)

Project No.	Scheme	Budget £'000	Actual £'000	Forecast Spend £'000	Variance £'000
Non HRA Housing & Environment					
106	Private Sector Households Dfg'S (Odpm Grant Aided)	1,054	596	1,054	
105	Private Sector Hsg Assistance rendered	230	215	230	
2570	Capita Housing (Formerly Housing Modernisation Programme)	32	21	32	
Environmental Services					
2288	Land Quality Inspection Programme	20	2	2	(18)
2764	Street Light Replacement	1,186	639	1,186	
2842	Flats Recycle Bank Scheme		14	14	14
2777	SNAPS	47		47	
2836	Road Safety Improvement schemes 11-12		7	7	7
2873	Environmental Improvements	168	208	208	40
2894	Road Safety Improvements 12-13	96	34	96	
2887	Frizlands Workshop Improvements	175	29	175	
2886	Parking Strategy Implementation	9	151	260	251
2907	Leys Road Reconstructions 12-13	215	190	215	
2908	Brown Wheeled Bin for Recycling	1,123	1,097	1,123	
2930	Highways Maintenance (Non-Principal Roads)	2,500	2,162	2,500	
PGSS					
2421	PGSS Staff Costs	39		39	
2423	Pondfield Park	8	2	8	
2567	Abbey Green Park Development	22	15	22	
2604	Valence Park Improvements	15	15	15	
2326	Btc Public Art Project Artwork - Tgsc (Part Of Public Realm)	5	3	5	
2817	Mayesbrook Park Improvements (Phase I)	100	32	100	
2879	Barking Park Light Railway & Rowing Boat Equipment	25	25	25	
2911	Quaker Burial Ground Improvements	8		8	
2912	Barking Park Tennis Project	150	5	150	
2948	Abbey Green - Churchyard Wall	100	1	39	(61)
2925	Adizone 2012-13 (St Chads & Central Park)	310	285	310	
Total Non HRA Housing & Environment		7,637	5,748	7,870	233
Total For Housing & Environment		59,307	22,621	42,919	(16,389)

Project No.	Scheme	Budget £'000	Actual £'000	Forecast Spend £'000	Variance £'000
Finance & Resources					
Asset Strategy					
2741	L8 Control of Legionella Remedial Works	250	132	250	
2578	Asbestos (Public Buildings)	54	20	54	
2771	Automatic Meter Reading Equipment	25		5	(20)
2542	Backlog Capital Improvements	670	45	670	
2565	Implement Corporate Accommodation Strategy	1,001	670	1,001	
2587	Energy Efficiency Programme	280	81	280	
ICT					
2623	Microsoft Enterprise Agreement	89		89	
2738	D ICT Main Scheme)	2,022	391	2,022	
2738.13	Income Management Solutions	98		98	
2738.15	Citrix Application Delivery	181		181	
2738.16	SharePoint Corporate Rollout	223		223	
2877	Oracle R12 Joint Services	3,494	615	2,347	(1,147)
Regeneration					
2458	New Dagenham Library & One Stop Shop Church Elm Lane	90	16	90	
2596	LEGI Business Centres	341	72	341	
2717	Retail Premises Imp		2	2	2
2755	Area Based Schemes (shop)		3	3	3
2775	BTC Public Realm - Tsq & Abbey	30	2	30	
2821	Robin Hood Shopping Parade Enhancement	342	(21)	342	
2625	Thames View Regeneration (formerly East End Thames View Demolition)	25	3	25	
2819	London Road/North Street Site Acquisitions	897	367	897	
2831	Barking Station Forecourt Implementation Phase	241	184	241	
2854	Improvements to the rear of the Mall, Dagenham Heathway	173	3	173	
2901	Creekmouth Arts & Heritage Trail	50		50	
2902	Short Blue Place (New Market Square Barking Phase II)	1,088	761	1,088	
2914	Barking Job Shop Relocation	229	68	229	
2926	Outer London Fund Round 2	290	115	290	
2927	Abbey Road & Chequers (Lane & Corner) Realm Impr	431	18	431	
2928	Captain Cook Site Acq & Public Realm Works	820	3	505	(315)
2758	Thames View		1	1	1
2890	PRINCIPAL RD RESURF TFL	473	203	473	
2891	MERRY FIDDLERS JNCT YEAR 2 TFL	442	33	442	
2892	CYCLING GREENWAYS YEAR 2 TFL	96	92	96	
2893	THAMES ROAD Corridor Improvements (formerly MAYESBRK N	240	290	290	50
2895	CHADWELL HTH STATION IMP TFL	288		288	
2896	DGHM HTHWY Low Carb Zone TFL	48		48	
2897	SMARTER TRAVEL PLANS TFL	202	183	202	
2898	LOCAL TRANSPORT PLANS TFL	96	130	130	34
2899	RIVER RODING CYCLE LINK TFL	240	2	240	
2840	Car Club Expansion Year 2 (TfL)	6			(6)
2841	Biking Borough Initiative Year 2 (TfL)	115	91	115	
2910	Barking Station Parade Assessment	60		60	
1	Capitalisation of Redundancies	3,000			(3,000)
Total For Finance & Resources		18,740	4,576	14,343	(4,397)
GRAND TOTAL		148,274	53,606	99,573	(48,701)

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Explanations for Significant Variances on Capital Projects

Adults & Community Services

- Ripple Hall (£187k under spend) – these savings were identified by project sponsor and achieved through reduced fit out costs.
- Fews Lodge (£100k over spend) – scope of scheme has been increased and additional costs will be met from service revenue budget.

Children's Services

- Thames View Juniors – Expansion & Refurb (£332k under spend) – staff room works are not affordable so project has been cancelled.
- Schools expansion projects (£450k under spend) – works are now on site however will not be completed until next financial year.
- Schools Places (£27,000k under spend) – funding to be re-profiled into next financial year to reflect spending plans.

Housing & Environment

- Parking Strategy Implementation - £251k over spend – various projects within phase one of the strategy have been delivered which will generate savings. Budget is being identified to reflect costs of phase one and future phases.

HRA

HRA self-financing has resulted in much larger revenue surpluses than under the previous subsidy regime and therefore it has been important to ensure that these surpluses have been utilised adopting a best-value approach.

The Business Plan for 2012/13 was approved by Cabinet in March 2012 and this plan contained provisional estimates for spend across the three major investment streams: Capital works programme; New Build and Estate Renewals.

Savills were required to undertake various revisions of their proposed capital works investment requirements and this work was finalised in June of this year. The findings were presented to the July Cabinet where it was agreed to undertake an 18-month, rather than an annual, programme for the first year. This has led to a delay in the commencement of a large part of the Capital Works programme but this was essential to ensure that works undertaken were in line with the Savills findings.

The overall programme for housing investment agreed by Members in July is over a 10-year time frame and therefore delivery of these schemes will be smoothed over the ten-year period. This smoothing results in an additional year end balance in the Major Repairs Reserve (within the HRA) of £49million and ensures that the programme can be delivered in a managed, consistent manner.

Finance & Resources

- Oracle R12 (£1,147k slippage under spend) – funds to be re-profiled into 2013/14 because of changes in the agreed date for the project going live.
- Captain Cook Site Acquisition and public realm works (£315k slippage under spend) – works to be completed next year.

CABINET

12 February 2013

Title: Budget Framework 2013/14	
Report of the Cabinet Member for Finance	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Authors: Jonathan Bunt, Divisional Director of Finance	Contact Details: Tel: 020 8874 8427 E-mail: jonathan.bunt@lbbd.gov.uk
Accountable Divisional Director: Jonathan Bunt, Divisional Director – Finance	
Accountable Director: Graham Farrant, Chief Executive	
<p>Summary:</p> <p>This report sets out the:</p> <ul style="list-style-type: none"> • Medium Term Financial Strategy (MTFS) for 2013/14 to 2014/15; • Proposed General Fund budget for 2013/14; • Proposed level of Council Tax for 2013/14; • Financial outlook for 2014/15 onwards; • Four year draft capital investment programme. <p>The General Fund net budget for 2012/13 is £177.4m and the proposed net budget for 2013/14 is £172.8m. The budget for 2013/14 incorporates a reduction of grant by the government, decisions previously approved by Members in the Medium Term Financial Strategy, savings approved by Cabinet Members on 19 December 2012 and other financial adjustments.</p> <p>Council Tax for 2013/14 is proposed to remain at the current level (£1,016.40 for a Band D property). This would be the fifth consecutive year that Council Tax will have been frozen.</p> <p>The proposed draft capital programme is £315m for 2013/14 to 2015/16, including £203m for proposed HRA schemes. Details of the schemes included in the draft capital programme are at Appendix E.</p> <p>The Greater London Authority is proposing a reduction in their precept of 1.2% for a Band D property, reducing the charge from £306.72 for 2012/13 to £303.00 for 2013/14. The final GLA precept will not be confirmed until 25 February 2013.</p>	
Recommendation(s)	
Cabinet is recommended to agree:	
(i) A base revenue budget for 2013/14 of £172.8m as detailed in Appendix A;	
(ii) The adjusted Medium Term Financial Strategy (MTFS) position for 2012/13 to	

2014/15 allowing for other known pressures and risks at this time as detailed in Appendix B;

- (iii) The Statutory Budget Determination for 2013/14 at Appendix C, which reflects a freeze on the amount of Council Tax levied by the Council, plus the final precept to be announced by the Greater London Assembly on 25 February 2013 (1.2% reduction currently assumed), as detailed in Appendix D; and
- (iv) The Council's draft four-year Capital Programme as detailed in Appendix E.

Reason(s)

To enable the Council to meet its policy priority of 'A Well Run Organisation'.

1.0 Introduction and Background

- 1.1 The purpose of this report is to seek agreement to the revenue budget for 2013/14 of £172.8m (£177.4m in 2012/13). This reduction of £4.6m from the 2012/13 budget is mainly due to reductions in government grants, although the Council has faced other demographic and inflationary pressures which meant that additional savings have had to be found.
- 1.2 The report also sets out the Medium Term Financial Strategy (MTFS) for 2012/13 to 2014/15 and the Council Tax level for 2013/14.
- 1.3 As part of the budget setting process consideration has been given to the priorities set out in the Council's Corporate Plan and how best these can be achieved with the decreasing resources available. The Council's latest Corporate Plan will be presented for approval in March.

2.0 Medium Term Financial Strategy (MTFS)

- 2.1 The Budget Strategy 2013/14 report presented to Cabinet on 19 December 2012 showed the MTFS was forecasting a surplus of £719k for 2013/14.
- 2.2 Table 4 from the Budget Strategy 2013/14 report is reproduced below showing how the MTFS changed from its position reported to Assembly in February 2012 to the position reported to Cabinet in December 2012.

Table 1 – MTFS Changes from February 2012 to December 2012

Medium Term Financial Strategy Pressures and Adjustments	2013/14 £'000	2014/15 £'000
MTFS Pressures – February 2012 Assembly	19,330	16,050
MTFS Savings – February 2012 Assembly	(10,950)	(739)
MTFS Budget Gap – February Assembly 2012	8,380	15,311
Service pressures and adjustments since February	(2,566)	(2,300)
Additional savings before Select Committees	(7,085)	(7,140)
Net Budget Gap / (surplus) – November 2012	(1,271)	5,871
Savings withdrawn/deferred/amended	552	80
Net Budget Gap / (Surplus) – December 2012	(719)	5,951

2.3 Since December's Cabinet meeting the Department for Communities and Local Government (CLG) announced the 2013/14 finance settlement for local authorities. Prior to this announcement the MTFs had made assumptions regarding the funding the Council would receive based on indicative indication from CLG and advice from other external bodies. The impact of the finance settlement on the MTFs is shown in the table below.

Table 2 – Changes to the MTFs following the 2013/14 finance settlement

Medium Term Financial Strategy Pressures and Adjustments	2013/14 £'000	2014/15 £'000
Net Budget Gap / (Surplus) – December 2012	(719)	5,951
Changes in Funding (Paragraph 2.5)	(1,632)	3,797
Transfer of Council Tax and NNDR surplus to reserves (paragraph 2.6)	860	(450)
End of Grant Funded Expenditure Due to Ceasing of the Grant (Paragraph 2.7)	(100)	-
In Year Net Budget Gap / (Surplus)	(1,591)	9,298
Roll-forward of Previous Year's Surplus	-	(1,591)
Total Net Budget Gap / (Surplus)	(1,591)	7,707

2.4 The 2013/14 finance settlement provided the Council with higher than expected funding in 2013/14, resulting in a forecast £1.6m surplus. However the funding for 2014/15 was worse than expected and including the 2013/14 surplus a budget gap of £7.7m exists.

2.5 The difference between the funding assumptions made in the MTFs before and after the announcement of the settlement is shown in the table below.

Table 3 – A table showing the changes in funding built into the MTFs before and after the announcement of the finance settlement and the resulting difference

Funding Source	2013/14			2014/15		
	Before £000's	After £000's	Diff £000's	Before £000's	After £000's	Diff £000's
Formula & Specific Grant	6,685	6,655	(30)	8,000	11,871	3,871
Council Tax Freeze Grant	(400)	(545)	(145)	0	0	0
Weekly Collection Grant	(281)	(417)	(136)	0	0	0
New Homes Bonus Grant	(500)	(778)	(278)	(500)	(778)	(278)
Council Tax Surplus	0	(450)	(450)	0	450	450
Council Tax Precept	0	(183)	(183)	0	(246)	(246)
NNDR Surplus	0	(410)	(410)	0	0	0
Change in Funding			(1,632)			3,797

2.6 The future Council Tax and business rates income due to the authority in the proposed budget is based on estimated collection rates. Due to the uncertainties around the localisation of Council Tax benefit and business rates, and to offset against the risk of lower actual income than estimated, a reserve is being created from the assumed Council Tax and business rate surpluses [£860k].

2.7 In addition to the wider funding changes released on 19th December, the government announced that the housing grant would cease from 2013/14. As a result the expenditure funded by the grant has been removed and the reduction in income is included as a funding change [(£100k)].

2.8 Following the 2013/14 finance settlement the Council's net budget requirement is £172.8m. The table below shows how this is funded and details the changes in funding from 2012/13 to 2014/15.

Table 4 - Sources of funding 2012/13 to 2014/15

Funding Source	2012/13 £000's	2013/14 £000's	2014/15 £000's
Formula & Specific Grant	119,268	112,613	100,742
Council Tax Freeze Grants	2,655	1,885	1,885
Weekly Collection Grant	-	417	417
New Homes Bonus Grant	1,469	2,247	3,025
Government Funding	123,392	117,162	106,069
Council Tax Surplus	399	450	-
Council Tax Precept	53,588	40,610	40,856
Council Tax Support Grant	-	14,137	14,137
NNDR Surplus	-	410	410
Local Funding	53,987	55,607	55,403
Total Funding	177,379	172,769	161,472

2.9 Table 4 shows that government funding will reduce by 5% (£6.2m) in 2013/14 then by a further 9.5% (£11.1m) in 2014/15. For comparison the Council Tax support grant has been excluded from the government's calculations of local authority funding but this change creates another £1.8m pressure to the Council each year that has been managed through the Council Tax Support Scheme approved by Assembly on 14 January 2013.

2.10 The government is still to announce details of the new Education Services Grant, which could change the funding position and is estimated to be £4.7m for the Council. This announcement is due in early 2013.

3.0 General Fund Revenue Budget 2013/14

3.1 The proposed budget for 2013/14 has been set starting with the original 2012/13 budget approved by Assembly in February 2012. This was then adjusted for items detailed in the approved MTFs and other adjustments made in accordance with financial regulations during 2012/13.

3.2 The Chief Finance Officer has advised that in order to ensure the Council's financial base is not eroded that Council Tax levels should increase. However a political decision has been taken to keep Council Tax frozen for a further year.

3.3 Proposed Directorate budgets are provided in Appendix A and the Statutory Budget Determination for 2012/13 is set out in Appendix C of this report.

- 3.4 In order to address the funding reductions as well as other service pressures outlined in the MTFs, Cabinet in December 2012 approved savings of £16.6m in respect of 2013/14. An analysis of savings by Directorate has been provided in Appendix B of the Budget Strategy Report (December 2012). An equalities impact assessment of savings options has also been completed based on separate assessments for each saving and can be found at Appendix D of the same report.
- 3.5 The proposed net budget requirement for 2013/14 is £172.8m and the details of how this is funded are set out in Table 4 of this report.
- 3.6 Details of all of the levies the Council is required to pay in 2013/14 have yet to be confirmed. The budget includes an increased provision for the cost of levies of £700k from 2012/13 which, based on current information provided by the levying authorities, is expected to be sufficient. As highlighted in section 2, information of the Education Services Grant paid by the Department for Education is also still to be confirmed and could be £4.7m for the Council.

4.0 Council Tax Requirement

- 4.1 The Council proposes to freeze its Council Tax for 2013/14 (£1,016.40 for a Band D property). This will be the fifth consecutive year the Council has set a budget without increasing Council Tax.
- 4.2 The Mayor of London has proposed a 1.2% reduction in the Greater London Authority precept for 2013/14. The precept will be reduced from the 2012/13 amount of £306.72 to £303.00 (Band D property). This proposed reduction is to be presented to the London Assembly on 25 February 2013.
- 4.3 Councils who opt to freeze their Council Tax will receive a grant from the government in 2013/14 and 2014/15. Barking and Dagenham will receive additional funding of £545k and this has been factored into the MTFs.
- 4.4 The calculation of the proposed Council Tax for 2013/14 is shown in Appendix F.
- 4.5 Under the Local Government Finance Act 1992 Council Tax must be set before 11 March of the preceding year.

5.0 Financial Outlook

- 5.1 The Chancellor's Autumn Statement made on 5 December 2012 showed the economy was not recovering as quickly as forecast. The gross domestic product (GDP), a key indicator of growth, is now expected to be lower in every year of the forecast. Consequently the government now expects to start reducing debt a year later in 2016/17.
- 5.2 The Autumn Statement also confirmed that total government spending in 2015/16 and 2016/17 will continue to fall at the same rate as the Spending Review 2010 (SR10) period. Detailed spending plans, including the breakdown between departments, will be set out in the first half of 2013, although it was confirmed that the protection of the health, schools and overseas aid budgets will continue.

5.3 In light of this information and modelling undertaken by the Local Government Association, the Council has built further funding reductions into the MTFs from 2015/16. The forecast reductions are shown in the table below.

Table 5 – Forecast reductions in government funding over the next 5 years

	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's
Reduction in Funding	7,775	4,652	4,008	3,840	3,682

5.4 As details of the next spending review are yet to be announced there is uncertainty about the level of funding reductions that will occur from 2015/16. The table below models different reduction scenarios to provide an indication of the possible outcomes.

Table 6 – Indicative cuts to central funding from 2015/16 to 2019/20

% of Reduction	4%	5%	6%	7%	8%
	Annually £000's	Annually £000's	Annually £000's	Annually £000's	Annually £000's
2015/16	4,030	5,037	6,045	7,052	8,059
2016/17	3,868	4,785	5,682	6,558	7,415
2017/18	3,714	4,546	5,341	6,099	6,821
2018/19	3,565	4,319	5,020	5,672	6,276
2019/20	3,423	4,103	4,719	5,275	5,774
Total	18,600	22,790	26,807	30,656	34,345

6.0 Draft Capital Programme

6.1 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 and the affordability of the overall programme.

6.2 The level of existing internal resources has been reviewed during the year and existing and expected General Fund capital receipts have been allocated to reduce the borrowing requirement of the approved programme, rather than being made available to fund new schemes. The reason for this is to reduce the impact of debt charges on the Council's revenue budget. Officers continue to review the level of existing planned borrowing and identify further reductions that can be made.

6.3 New schemes that have identified external funding (e.g. government grants) are added to the capital programme during the year and are appraised internally as and when the development arises (see paragraph 6.7). Further borrowing will only be possible for new schemes where the expenditure is essential for statutory and/or health and safety reasons to enhance assets that are in need of urgent maintenance or where the completed project generates an income stream that will enable the financing of the incurred debt. Directorates are required to find savings in their existing approved programmes to fund new schemes, where possible, in order to limit the level of borrowing.

6.4 To meet the statutory demand for school places, the Council will continue to lobby for additional funds from central Government. Through successful lobbying to date by Members and officers, the Council has been awarded an additional £29.8m of Basic Needs funding in 2012/13 in respect of school places. This forms part of an overall allocation of £89.8m since 2011/12 and will be invested over the next four years. An announcement on new Basic Needs funding from the government is expected in early February and indications are that a further £35m will be allocated to the Council, but this is not yet confirmed.

6.5 **Current capital programme**

The current capital programme for the Council is £110.9m for 2012/13. The capital programme is supported by the Capital Delivery Team (Assets and Commercial Services) and is monitored by the Finance Capital Team. Full details of the current programme on a per scheme basis are provided in Appendix E of this report. The current programme is funded by £54.1m grants and contributions, £33.9m in HRA resources, £7.8m General Fund sources (i.e. capital receipts, revenue contributions and reserves) with the remaining £15.1m funding requirement to be met from borrowing. It is currently anticipated that the capital programme will under spend in the region of £11m this year due to slippage. Requests for carry forwards of funding will be submitted to June Cabinet for approval.

Table 6 – Draft capital programme 2012/13 to 2015/16

Capital Expenditure	2011/12	2012/13	2013/14	2014/15	2015/16
£000's	Actual	Estimate	Estimate	Estimate	Estimate
General Fund	97,178	67,587	74,579	32,017	5,475
HRA *	30,968	43,350	83,240	74,090	45,620
HRA settlement	265,912	-	-	-	-
Approved Capital Prog	394,058	110,937	157,819	106,107	51,095
Financed by:					
Capital Receipts	-	6,037	12,429	5,700	1,920
Capital Grants and Contributions	79,728	54,161	96,990	33,557	7,225
Revenue contributions	1,440	607	-	-	-
Capital Reserves	-	1,195	-	-	-
HRA Resources	7,638	33,850	42,260	45,250	41,950
Net financing need for the year	305,252	15,087	6,140	21,600	-

*HRA programme is based on the HRA business plan as at Jan 2013

6.6 The full list of approved schemes is included at Appendix E. Future capital scheme proposals will be considered as and when new funding streams are identified, or where there are major Council developments which will require capital investment to meet strategic objectives. Essential remedial works for health and safety/statutory reasons will be met, however it is planned that further borrowing will be kept to an absolute minimum.

6.7 A draft capital programme is presented for approval as amendments will be required before 2013/14 when further information becomes available. The amendments will be carried out in accordance with financial regulations.

6.8 **Capital appraisal and monitoring system**

The Council has in place a Capital Programme Monitoring system to ensure that capital projects are appraised and scored in terms of:

- Strategic fit and business justifications;
- Options analysis and achievability;
- Management and delivery structure;
- Risk analysis;
- Financial implications.

6.9 The Capital Programme Monitoring process is Office of Government Commerce (OGC) Gateway compliant and supports the effective delivery of the Council's capital programme. The OGC is the recognised industry standard for procurement purposes.

7.0 **Financial Implication**

7.1 Financial Implications have been covered throughout the report.

8.0 **Legal Implications**

Implications completed by Paul Feild, Corporate Governance Lawyer

8.1 A local authority is required under the Local Government Finance Act 1992 to produce a 'balanced budget'. The current budget setting takes place in the context of significant and widely known reductions in public funding to local authorities. Where there are reductions or changes in service provision as a result of changes in the financial position the local authority is free to vary its policy and consequent service provision but at the same time must have regard to public law considerations in making any decision lawfully as any decision eventually taken is also subject to judicial review. Members would also wish in any event to ensure adherence as part of good governance. Specific legal advice may be required on the detailed implementation of agreed savings options. Relevant legal considerations are identified below:

8.2 Whenever there are proposals for the closure or discontinuance of a service or services, there will be a need for appropriate consultation, so if savings proposals will affect staff then it will require consultation with Unions and staff. In addition to that Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet.

8.3 If at any point resort to constricting expenditure is required, it is important that due regard is given to statutory duties and responsibilities. In particular the Council must have regard to:

- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must be fulfilled or varied with agreement of current providers;

- any legitimate expectations that persons already receiving a service (due to be cut) may have to either continue to receive the service or to be consulted directly before the service is withdrawn;
- any rights which statute may have conferred on individuals and as a result of which the council may be bound to continue its provision. This could be where an assessment has been carried out for example for special educational needs statement of special educational needs in the education context);
- the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;
- having due regard to any consultation undertaken.

8.4 In relation to the impact on different groups, it should be noted that the Equality Act 2010 provides that a public authority must in the exercise of its functions have due regard to the need to eliminate discrimination and to advance equality of opportunity between persons who do and those who do not share a relevant 'protected characteristic'. This means an assessment needs to be carried out of the impact and a decision taken in the light of such information.

9.0 Other Implications

- 9.1 **Risk Management** – This report concerns financial risks carried by the Council. The report sets out how the Council will manage and minimise these financial risks.
- 9.2 **Contractual Issues** – There are no contractual risks directly linked to this report however the impact of the savings approved as part of this budget report may have an impact on individual contracts.
- 9.3 **Staffing Implications** – Discussions with the Trade Unions on the specific impact of the savings proposals for 2013/14 began in mid-October, although budgets are discussed at each formal meeting with them. For each individual savings proposal, where there is an impact on staff, consultation has taken place with the staff affected. Appropriate HR policies and procedures around implementing change will be followed. The Council remains committed to minimising compulsory redundancies where possible. We have issued HR1 and S188 letters to advise of the potential of a significant number of redundancies.
- 9.4 Where there are reductions in posts, this frequently means that smaller numbers of staff are required to carry out the same volume of work. The process of implementation of the savings will need to be handled with care to mitigate risks in relation to this.
- 9.5 **Customer Impact** – The freezing of Council Tax at 2010/11 levels is designed to minimise the financial impact on residents. The saving options have been subject to an assessment of equalities and diversity implications and consideration given to the extent of adverse impact on customers. Extensive consultation has also taken place. Front line services have been protected as far as possible, but some cuts to front line services have been unavoidable.

- 9.6 **Crime and Disorder Issues** – The Crime and Disorder Act places a duty on the Council as a responsible authority to have regard to the reduction and prevention of crime and disorder in its decision making process and policy development and delivery. As such in terms of financial constraints it is important to have regard to the impact of budget reductions in terms of crime and disorder.
- 9.7 **Property / Asset Issues** – Some of the savings proposals have indirect property/ asset implications with regards building closures resulting from service reviews, which will reduce the Council's property estate. The implications of these will be dealt with on a property-by-property basis in line with the Council's disposal rules. Additionally the continued reduction in posts across various areas of the Council may result in increased health and safety management risks within the borough.

Background Papers Used in the Preparation of the Report:

Assembly Budget Framework 2012/13 report – February 2012
Cabinet Budget Strategy 2013/14 report – December 2012

List of appendices:

Appendix A – Revenue Budget 2013/14
Appendix B – MTFS 2012/13 to 2014/15
Appendix C – The Statutory Budget Determination
Appendix D – Calculation of the Council Tax Requirement
Appendix E – The Council's Draft 4 year Capital Programme

2013/14 Details of Directorate Gross and Net Budgets Including Recharges

Directorate	Gross Expenditure £'000	Support Costs £'000	Depreciation £'000	Recharge Income £'000	Income £'000	Net Budget £'000
Adults & Community Services	76,224	6,949	3,143	(862)	(28,225)	57,229
Children's Services	62,402	7,735	14,355	(1,601)	(16,664)	66,227
Housing & Environment	31,342	10,728	9,263	(6,732)	(22,008)	22,593
Finance & Resources	175,922	10,056	970	(22,095)	(144,904)	19,949
Chief Executive's Directorate	6,415	1,682	8	(8,126)	(166)	(187)
Contingency & Levies	14,901	-	-	-	-	14,901
General Finance	20,692	-	(27,739)	-	(896)	(7,943)
Dedicated Schools Grant	213,359	2,266	-	-	(215,625)	-
TOTAL	601,257	39,416	-	(39,416)	(428,488)	172,769

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Medium Term Financial Strategy - Summary Position 2012/13 - 2014/15

	2012/13 £'000	2013/14 £'000	2014/15 £'000	Total £'000
BUDGET INCREASES				
Corporate Obligations/Implications Of Economic Climate	2,650	3,830	2,450	8,930
Financial Implications Of Member Approved Decisions	2,650	750	750	4,150
Financial Implications Of Future Investment	1,750	(139)	500	2,111
Investment Required To Ensure Budget Is Robust	6,060	5,987	2,050	14,097
Total Additional Costs (A)	13,110	10,428	5,750	29,288
CHANGES IN INCOME & FUNDING				
Formula Grant	(6,396)	(2,600)	(11,346)	(20,342)
Specific Grants	(1,309)	(4,055)	(525)	(5,889)
NHS Grants	(122)	-	-	(122)
Council Tax Freeze Grant 2012/13	1,315	(1,315)	-	-
Council Tax Freeze Grant 2013/14	-	545	-	545
Council Tax	-	260	246	506
Council Tax exemption changes	-	500	-	500
Weekly Collection Grant	-	417	-	417
New Homes Bonus Grant	500	778	778	2,056
Change in Council Tax base	369	-	-	369
Collection Fund surplus/deficit	(170)	450	(450)	(170)
Business Rates surplus/deficit	-	410	-	410
Total Changes in Income (B)	(5,814)	(4,610)	(11,297)	(21,721)
BUDGET GAP (A less B)	18,924	15,038	17,047	51,009
SAVINGS				
Departmental Savings	14,967	11,629	7,749	34,345
Corporate Savings & Efficiency	4,000	5,000	-	9,000
Total Savings	18,967	16,629	7,749	43,345
BUDGET GAP INCLUDING SAVINGS	(43)	(1,591)	9,298	7,664

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STATUTORY BUDGET DETERMINATIONS

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

1. At its meeting on 14 January 2013 the Council approved the Council Tax Base 2012/2013 calculation for the whole Council area as 39,955.66 [Item T in the formula in Section 31B (3) of the Local Government Finance Act 1992, as amended (“the Act”)]
2. The following amounts have been calculated by the Council for the year 2013/14 in accordance with Sections 31 to 36 of the Act:-

(a)	£639,960,268	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
(b)	£599,349,335	being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
(c)	£40,610,933	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 31A(4) of the Act, as its Council Tax requirement for the year (i.e. Item R in the formula in Section 31A(4) of the Act).
(d)	£1,016.40	being the amount at 2(c) above (i.e. “Item R”), divided by Item T (shown at 1 above), calculated by the Council, in accordance with Section 31B(1) of the Act as the basic amount of its Council Tax for the year. Refer below for further detail.

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(d) above by the number which, in the proportion set out in Section 5(2) 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 2013/14 the Greater London Authority has indicated 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
£202.00	£235.67	£269.33	£303.00	£370.33	£437.67	£505.00	£606.00

4. That, having calculated the aggregate in each case of the amounts at 2 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 2013/14 for each of the categories of dwellings shown below, subject to the final agreement of the Greater London Authority's precept:-

Valuation Bands

A	B	C	D	E	F	G	H
£879.60	£1,026.20	£1,172.80	£1,319.40	£1,612.60	£1,905.80	£2,199.00	£2,638.80

Calculation of the Proposed Council Tax for 2013/14

	£000's
Original 2012/13 Budget	177,379
Members Approved Decisions - February 2012 Assembly	9,830
New MTFs Items	2,189
Savings	<u>(16,629)</u>
Total Adjustments	(4,610)
Base Budget Requirement for 2013/14	<u>172,769</u>
Funded By:	
Formula & Specific Grants	(112,613)
Council Tax Support Grant	(14,137)
Council Tax Freeze Grants	(1,885)
New Homes Bonus Grant	(2,247)
Council Tax Surplus	(450)
Weekly Collection Grant	(417)
NNDR Surplus	<u>(410)</u>
Total Funding	(132,159)
Council Tax Requirement	<u>40,610</u>
Council Tax Base (Equivalent Band D properties)	39,955.66
Council Tax:	
London Borough of Barking & Dagenham	£1,016.40
Greater London Authority (subject to confirmation)	<u>£303.00</u>
Overall Council Tax - Band D equivalent	<u>£1,319.40</u>

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DRAFT CAPITAL PROGRAMME SUMMARY (2012/13 - 2015/16)

Project No.	Project Name	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Total	External Funding	MRA	Section 106	HRA/GRF Revenue & Reserves	Total Borrowing	Capital Receipts	Total
Adult & Community Services													
Community Services, Heritage & Libraries													
1654	Ripple Hall (St Georges/Vol Group Relocation)	245,405				245,405					245,405		245,405
191	Eastbury House	10,818				10,818					10,818		10,818
2233	Valence Site Redevelopment	54,162				54,162	43,087				11,075		54,162
2872	Fews Lodge Extra Care Scheme	677,029				677,029	577,029			100,000			677,029
2888	Direct Pymt Adaptations	380,000				380,000	380,000						380,000
2913	80 Gascoigne Road Care Home	327,188				327,188	327,188						327,188
100	Disabled Adaptations (HRA)	493,995				493,995					493,995		493,995
Leisure & Olympics													
2266	Barking Park Restoration & Improvement	808,616				808,616	332,493		63,307		412,816		808,616
2768	Abbey Sports Centre (West Side Changing Areas)	8,816				8,816	8,816						8,816
2603	Becontree Heath Leisure Centre	248,890				248,890					248,890		248,890
2815	Goresbrook Leisure Centre - Olympic Training Ven	19,713				19,713	19,713						19,713
2855	Maysbrook Park Athletics Arena	796,080				796,080	780,500				15,580		796,080
2870	Barking Leisure Centre 12-14	2,134,679	5,939,000	4,350,000	170,000	12,593,679			400,000			12,193,679	12,593,679
Total For Adult & Community Services		6,205,391	5,939,000	4,350,000	170,000	16,664,391	2,468,826		463,307	100,000	1,438,579	12,193,679	16,664,391

Project No.	Project Name	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Total	External Funding	MRA	Section 106	HRA/GRF Revenue & Reserves	Total Borrowing	Capital Receipts	Total
Children's Services													
Primary Schools													
2555.1	Eastbury	113,218				113,218	113,218						113,218
2745	George Carey CE Primary School (formerly Barkin Roding Primary School - Cannington Road Annex)	940,268				940,268	720,268		220,000				940,268
2736	Roding Primary School - Cannington Road Annex	215,900				215,900	215,900						215,900
2759	Beam Primary Expansion	97,674				97,674	97,674						97,674
2799	St Joseph's Primary - expansion	356,023				356,023	356,023						356,023
2800	St Peter's Primary - expansion	33,869				33,869	33,869						33,869
2776	Thames View Infants - London TG Agreement	76,071				76,071	76,071						76,071
2787	Cambell Junior - Expansion & Refurb	31,367				31,367	31,367						31,367
2786	Thames View Juniors - Expansion & Refurb	467,953				467,953	467,953						467,953
2784	Manor Longbridge (Former UEL Site)	575,934				575,934	575,934						575,934
2789	Westbury - New Primary School	144,210				144,210	144,210						144,210
2790	St Georges - New Primary School	124,788				124,788	124,788						124,788
Other Schemes													
UAC12	New Capital Allocation - Implementation of early ec	889,302				889,302	889,302						889,302
2793	SMF - School Modernisation Fund	2,407,849				2,407,849	2,407,849						2,407,849
2742	Youth Access Card	43,168				43,168	43,168						43,168
2751	School's Kitchen Extension/Refurbishment 10/11	36,410				36,410	36,410						36,410
2310	William Bellamy Childrens Centre	6,458				6,458	6,458						6,458
2217	John Perry Childrens	9,619				9,619	9,619						9,619
2651	Alibon Childrens Centre	(8,812)				(8,812)	(8,812)						(8,812)
2739	Gascoigne Community Centre	(8,051)				(8,051)	(8,051)						(8,051)
2826	512a Heathway - Conversion to a Family Resource	84,462				84,462	84,462						84,462
2878	512a Heathway (phase 2)- Conversion to a Family	147,036				147,036	147,036						147,036
9999	Devolved Capital Formula	2,234,726				2,234,726	2,234,726						2,234,726
2818	Sydney Russell - Schools For The Future	11,382,809				11,382,809	11,382,809						11,382,809
2859	Robert Clack Expansion	10,890				10,890	10,890						10,890
2860	Monteagle Primary (Quadrangle Infill)	1,846,585	50,000			1,846,585	1,846,585						1,846,585
2861	Eastbury Primary (Expansion)	750,007	345,000			1,095,007	1,095,007						1,095,007
2863	Parsloes Primary (Expansion)	1,309,989	50,000			1,359,989	1,359,989						1,359,989

Project No.	Project Name	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Total	External Funding	MRA	Section 106	HRA/GRF Revenue & Reserves	Total Borrowing	Capital Receipts	Total
2864	Godwin Primary (Expansion)	1,100,000	1,150,000			2,250,000	2,250,000						2,250,000
2865	William Bellamy Infants/Juniors (Expansion)	749,702	1,650,000	50,000		2,449,702	2,449,702						2,449,702
2866	Dagenham Village Rectory Road Library (Expa	200,000				200,000	200,000						200,000
2867	Southwood Primary (Expansion)	1,251,207	50,000			1,301,207	1,301,207						1,301,207
2900	Becontree Primary Expansion	385,548				385,548	385,548						385,548
2601	Renewal School Kitchens 2009/10	177				177	177						177
2753	Cross-Government Co-Location Fund	4				4	4						4
2365	Gascoigne Primary	(169)				(169)	(169)						(169)
2918	Roding Carrington	90,000				90,000	90,000						90,000
2919	Richard Alibon Expansion	75,000				75,000	75,000						75,000
2920	Warren/Fuze Expansion	90,000				90,000	90,000						90,000
2921	Manor Infant, Jnr Expansion	100,000				100,000	100,000						100,000
2922	Valence Halbutt Expansion	50,000				50,000	50,000						50,000
2923	Rush Green Expansion	15,000				15,000	15,000						15,000
2924	St Josephs Primary Extn	1,680,000				1,680,000	1,680,000						1,680,000
2929	SMF 2012/13	784,623	1,125,000			1,909,623	1,909,623						1,909,623
2932	Trinity 6th Form Provision	922,250				922,250	922,250						922,250
Basic Needs													
UAC1	New Schools Places - Primary	503,000	7,395,000			7,898,000	7,898,000						7,898,000
UAC2	New Schools Places - Various Schools/New Schol	182,635				182,635	182,635						182,635
UAC3	New Schools Places - Various Schools/New Schools		11,800,000	21,725,000	5,305,000	38,830,000	38,830,000						38,830,000
UAC4	New Schools Places - Various Secondary Schools	250,000	31,600,000			31,850,000	31,850,000						31,850,000
UAC5	Provision of New School Places (Basic Needs) Co	752,304				752,304	752,304		30,000				752,304
2724	Basic Needs Projects (formerly Additional School	62,106				62,106	62,106						62,106
2906	School Expansion SEN Projects	300,000	700,000			1,000,000	1,000,000						1,000,000
2909	School Expansion Minor Projects	350,000	650,000			1,000,000	1,000,000						1,000,000
Skills, Learning & Enterprise													
2723	Advanced Skills Centre	3,343,671	22,585			3,366,256	3,366,256				3,366,256		3,366,256
Total For Children's Services						37,506,799	56,587,585	21,775,000	825,934		3,366,256		121,174,384
Total						121,174,384	116,982,194	825,934			3,366,256		121,174,384

Project No.	Project Name	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Total	External Funding	MRA	Section 106	HRA/GRF Revenue & Reserves	Total Borrowing Capital Receipts	Total
Housing and Environment												
Miscellaneous												
2911	Quaker Burial Ground	7,500	52,500			60,000			30,000		30,000	60,000
2912	Barking Park Tennis Project	150,000				150,000	130,000				20,000	150,000
Non-HRA Housing												
106	Private Sector Households	1,054,112				1,054,112	797,112				257,000	1,054,112
105	Private Sector Households (105)	230,093				230,093	230,093					230,093
2570	Housing Modernisation Programme	32,099				32,099					32,099	32,099
Environment & Enforcement												
2288	Land Quality Inspection Programme	19,626				19,626					19,626	19,626
2764	Street Light Replacing	1,185,514				1,185,514					1,185,514	1,185,514
2777	SNAPS	46,645				46,645					46,645	46,645
2873	Environmental Improvements and Enhancements	167,670				167,670					167,670	167,670
2894	Road Safety Impv Sch Year 2 (TFL)	96,000				96,000	96,000					96,000
2887	Frizlands Wkshp Major Wks	175,011				175,011					175,011	175,011
2886	Parking Strategy Imp	8,583				8,583					8,583	8,583
2907	Leys Road Reconstruction 12-13	215,000				215,000		100,931		114,069		215,000
2908	Brown Wheeled Bins Recycling	1,123,237				1,123,237					1,123,237	1,123,237
2948	Abbey Green- Churchyard Wall	100,000				100,000			100,000			100,000
2930	Highways Improvement Programme	3,000,000	3,000,000			6,000,000					6,000,000	6,000,000
PGSS												
2421	Staff Costs 12/14	38,500				38,500					38,500	38,500
2423	Pontfield Park	8,321				8,321			8,321			8,321
2567	Abbey Green Park Development	22,205				22,205			22,205			22,205
2604	Valence Park Improvements	15,376				15,376			15,376			15,376
2326	BTC Public Art Project	5,458				5,458			5,458			5,458
2817	Maysbrook Park Improvements (Phase 1)	100,369				100,369	100,369					100,369
2879	Barking Park Light Railway & Rowing Boat Equipm	24,646				24,646					24,646	24,646
2925	Adizone Project 12-13	310,000				310,000				310,000		310,000
Total For Housing & Environment		8,135,965	3,119,097			11,255,062	1,353,574	282,290	282,290	424,069	3,195,129	11,255,062

Project No.	Project Name	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Total	External Funding	MRA	Section 106	HRA/GRF Revenue & Reserves	Total Borrowing Capital Receipts	Total
Resources												
Asset Strategy												
UAC6	Local Implementation Plan (LIP2)		2,130,000	1,892,000		4,022,000	4,022,000					4,022,000
2741	L8 Control of Legionella Remedial Works	250,000	97,898			347,898	97,898				202,102	347,898
2578	Asbestos (Public Buildings)	53,993				53,993					30,000	53,993
2771	Automatic Meter Reading Equipment	24,982	70,000			94,982					94,982	94,982
2542	Backlog Capital Improvements	670,000	391,451			1,061,451					670,000	1,061,451
2565	Implement Corporate Accommodation Strategy	1,001,417				1,001,417				195,000	806,417	1,001,417
UAC7	Corporate Accommodation Strategy		1,559,120			1,559,120					1,559,120	1,559,120
2458	New Dagenham Library & One Stop Shop	89,657				89,657					89,657	89,657
2587	Energy Efficiency Programme	280,000				280,000						280,000
UAC8	Asset Management Plans (All Directorate)		1,000,000	1,000,000		2,000,000					2,000,000	2,000,000
ICT												
2623	Microsoft Enterprise Agreement	88,794				88,794					88,794	88,794
2738	Modernisation & Improvement Capital Fund	2,524,051				2,524,051				1,000,000	2,524,051	2,524,051
2877	Oracle R12 Joint Services	3,483,770				3,483,770					2,483,770	3,483,770
Regeneration												
2586	Legl Business Centres	340,933	234,370			575,303	512,267		63,036			575,303
2775	BTC Public Realm - Tso & Abbey	30,186				30,186			30,186			30,186
2821	Shopping Parade Enhancements	341,904				341,904	192,000		29,904		120,000	341,904
2625	Thames View Regen Initiative	25,247				25,247			25,247			25,247
2819	London Road/North Street Site Acquisitions	886,947				886,947					886,947	886,947
2831	Barking Station Forecourt - Phase 2	240,816				240,816	55,369		120,000	65,447		240,816
2840	Car Club Expansion (TFL)	5,760				5,760	5,760					5,760
2841	Biking Borough Initiative (TFL)	115,200				115,200	115,200					115,200
2854	Improvements to the rear of The Mall, Dagenham											
2854	Heathway	173,002				173,002	83,002				90,000	173,002
2901	Creekmouth Arts & Heritage Trail	50,000				50,000						50,000
2902	Short Blue Place (New Market Square Barkin - Ph	1,088,497				1,088,497	1,000,000		70,812	17,685		1,088,497
2890	Principal Road Resurfacing (TFL)	473,280	450,000			923,280	923,280					923,280
2891	Merry Fiddlers Jnd Imp Year 2 (TFL)	441,600				441,600	441,600					441,600
2892	Cycling Greenways Year 2 (TFL)	96,000				96,000						96,000
2893	Thames Road Corridor Improvement Scheme (TF	240,000				240,000	240,000					240,000
2895	Chadwell Heath Station Impx (TFL)	288,000				288,000	288,000					288,000
2896	Dagenham Heathway & Bcon - Low Carbon Zone	48,000				48,000	48,000					48,000
2897	Smarter Travel Plans (TFL)	201,600				201,600	201,600					201,600
2898	Local Transport Plans (TFL)	96,000				96,000	96,000					96,000
2899	River Roding Cycle Link (TFL)	240,000				240,000	240,000					240,000
2910	Barking Stn Parade Assessment	60,000				60,000	60,000					60,000
2914	Barking Job Shop Relocation	228,863				228,863	228,863					228,863
2926	Outer London Fund Round 2	290,000				290,000	290,000					290,000
2927	Chequers/Abbey Road Public Realm Improvement	430,871				430,871			430,871			430,871
2928	Captain Cook Site Acquisition and Public Realm V	819,795				819,795	89,795		730,000			819,795
UAC9	Capitalisation of Redundancies		3,000,000	3,000,000		6,000,000					6,000,000	6,000,000
Total For Resources		15,739,166	8,932,839	5,892,000		30,564,005	9,656,634		1,500,056	1,278,132	17,227,080	30,564,005
Grand Total General Fund		67,587,321	74,578,521	32,017,000	5,475,000	179,657,842	130,461,228		3,071,588	1,802,201	25,227,044	179,657,842

Project No.	Project Name	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Total	External Funding	MRA	Section 106	HRA/GRF Revenue & Reserves	Total Borrowing	Capital Receipts	Total
HRA													
UAC11	HRA - Business Plan Contingency	4,101,635	36,724,272	74,090,000	45,620,000	160,535,907							
UAC10	Boroughwide Estate Renewal - Decants and Leas		6,670,018			6,670,018							
100	HRA Disabled Adaptations		600,000			600,000							
104	Housing Futures	1,469,175				1,469,175							
2734	SAMS formerly remote concierge	70,000				70,000							
2637	DH works Framework contracts	5,000				5,000							
2640	MAJOR WORKS (ENTERPRISE) PROJ.	1,000,000				1,000,000							
2641	Heating works (Thaxted, Maxey & Humphries Hou	65,000				65,000							
2645	Planning and Contingencies	750,000	1,750,000			2,500,000							
2727	CHP Programme	24,425				24,425							
2728	Electrical Switchgear Project	270,546				270,546							
2822	Communal Lighting and Electrical Switchgear	510,305				510,305							
2726	External Enveloping Work	251,244				251,244							
2730	Sheltered Alarms Upgrade	10,662				10,662							
2731	Coire & Mersea Blocks	1,344,215				1,344,215							
2811	Capitalised Improvement Works	147,014	224,000			371,014							
2813	Estate Improvement Project	900,000				900,000							
	Boroughwide Estate Renewal - Gascoigne												
2820	Decants	485,000				485,000							
2824	Oldmead & Bartlett Remedial Works	103,071				103,071							
2828	Boroughwide Estate Renewal - Leys Decants	255,000				255,000							
2829	Goresbrook Village Decants	560,000				560,000							
2844	Door Entry Project 11/13	1,533,050				1,533,050							
2845	External Enveloping & Fire proofing project	2,453,705				2,453,705							
2846	Defective Overflow Works	14,894				14,894							
2847	Central Heating Installation inc. Communal Boiler	1,871,173				1,871,173							
2848	Kitchen & Bathroom Replacement Project	1,675,533				1,675,533							
2849	High Rise Surveys	250,000	746,710			996,710							
2850	Capitalised Improvement works (Estates)	250,000	250,000			500,000							
2853	Estate Improvements	684,206				684,206							
2852	Adaptations - Housing	128,665	200,000			328,665							

Project No.	Project Name	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Total	External Funding	MRA	Section 106	HRA/GRF Revenue & Reserves	Total Borrowing	Capital Receipts	Total
2856	Leaseholders Buybacks (all)	8,685,151				8,685,151							
2857	Resources/Masterplanning (all)	713,227				713,227							
2858	Demolition (all)	1,652,730				1,652,730							
2880	Central Heating Installation Phase 2	100,529				100,529							
2881	Kitchen, Bathroom, Central Heating and Rewire	1,883,564				1,883,564							
2882	Electrical Rewiring	325,671				325,671							
2933	Voids 12-14	100,000	4,900,000			5,000,000							
2972	King William St Otr	80,000				80,000							
2773	Council Housing & Thames	1,400,000				1,400,000							
2757	Council Housing - New Builds	236,612				236,612							
2823	New Council Housing Phase 3	1,569,000				1,569,000							
2931	Leys New Build Dev (HRA)	500,000				500,000							
2915	Estate Renewal Althorne Way	55,000				55,000							
2916	Lawns & Wood Lane Dvlpmt	300,000				300,000							
2917	Abbey Road C/Q	500,000				500,000							
2934	Roof Replacement Project	260,000	7,740,000			8,000,000							
2935	Internal Works Multiple Einmts	100,000	4,900,000			5,000,000							
2936	Rewiring (incl Smoke Alarms)		1,000,000			1,000,000							
2937	CCTV/SAMS Phase 2	15,000	735,000			750,000							
2938	Fire Safety Works	150,000	850,000			1,000,000							
2939	Adaptations - Housing 2012/13	100,000	700,000			800,000							
2940	Estate Improvement (Amenity Green) 12/13	50,000	950,000			1,000,000							
2941	Renewables (PVs) & CESP's additional External E	100,000	1,900,000			2,000,000							
2942	Travellers Site Refurbishment	50,000	140,000			190,000							
2943	Asbestos Removal (Communal Areas only)	30,000	970,000			1,000,000							
2944	R& M Set up Costs	2,000,000				2,000,000							
2946	Older Persons Housing Strategy Phase 1		500,000			500,000							
2947	Painting Programme 12-14	500,000				500,000							
2945	Street Properties Acquisition	500,000	2,000,000			2,500,000							
2949	External Enveloping incl. Walkways Phase II	100,000	4,900,000			5,000,000							
2950	Central Heating Installation Inc. Communal Boiler	60,000	2,940,000			3,000,000							
2951	Electrical Switchgear Inc. Communal & Emergency	50,000	950,000			1,000,000							
	HRA:TBF To Be Funded By						58,300,000	10,600,000	100,000	152,710,000	17,600,000	6,990,000	246,300,000
Grand Total HRA		43,350,000	83,240,000	74,090,000	45,620,000	246,300,000	58,300,000	10,600,000	100,000	152,710,000	17,600,000	6,990,000	246,300,000
TOTAL CAPITAL PROGRAMME		110,937,321	157,818,521	106,107,000	51,095,000	425,957,842	188,761,228	10,600,000	3,171,588	154,512,201	42,827,044	26,085,781	425,957,842

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CABINET

12 February 2013

Title: Housing Revenue Account Estimates and Review of Rents and Other Charges 2013/14	
Report of the Cabinet Members for Housing and Finance	
Open Report	For Decision: Yes
Wards Affected: All	Key Decision: Yes
Report Author: Ken Jones Divisional Director Housing Strategy	Contact Details: Tel: 020 227 5703 E-mail: ken.jones@lbbd.gov.uk
Accountable Divisional Director: Ken Jones, Divisional Director Housing Strategy	
Accountable Directors: Darren Henaghan, Corporate Director of Housing and Environment and Jon Bunt, Divisional Director of Finance	
Summary:	
<p>The Council has a statutory responsibility to manage the HRA as a ring fenced landlord account providing housing services to the Council's tenants and leaseholders. In line with the investment and service delivery objectives set out in the HRA business plan this report makes recommendations on the setting of rents, tenants' service charges and other charges for 2013/14, along with planned reductions in expenditure, to set a balanced revenue budget and maintain prudent reserves.</p> <p>This is the second year after fundamental changes to council housing finance came into effect from 1 April 2012 with the introduction of HRA self-financing. Annual subsidy payments to CLG were replaced by additional borrowing costs associated with the debt acquired as a result of the self-financing settlement (approx £265m). The Council is now able to set budgets to deliver its long term business plan and stock investment priorities.</p> <p>An HRA Business Plan was approved by Cabinet on March 2012, and a revised cash flow and resources statement was approved by Cabinet in July 2012 (Housing Capital Investment Programme 2012-17, 24 July 2012). This set out the investment needs and proposed resourcing for the Council's housing investment programme for the following investment themes:</p> <ul style="list-style-type: none"> • Decent Homes Investment Programme • Initial estate renewal programme • New build programme <p>The recommendations contained in this report will require the Council's housing investment programme to be re-profiled marginally to match the revised level of resources. It should be noted that this is an annual process to align the investment programme to actual resources as rents are adjusted annually. In cash terms investment resources may well vary from the level estimated in the HRA Business Plan and the three year rolling investment programme is intentionally structured to allow for this process.</p>	

The intention is that future rent and service charge increases will be minimised and service levels improved by producing bottom line efficiency savings within the operational costs of the HRA. This will reduce the level of increase necessary to deliver business plan objectives and to maintain balances within the HRA held as a contingency against increased operating risks (such as increased rent arrears expected as a result of the forthcoming Welfare benefits changes).

As indicated above significant changes to welfare payments system, including Housing Benefit, are already being implemented on a phased basis, following enactment of the Welfare Reform Act 2012. This will affect many Council tenants through a number of changes including: benefits cap; size criteria for social housing; direct payments to tenants and the introduction of Universal Credit. The cumulative impact of these changes significantly increases the risk of lower income collection rates. To help mitigate the expected adverse impact of these changes, consideration is being given to the establishment of a team within the HRA to support tenants to maximise their income through a package of welfare benefits advice and employment support activities.

The proposed budget reflects these challenges and is designed to maintain the HRA investment programme and wider HRA Business Plan service objectives, with particular emphasis being given to affordability including tackling fuel poverty and the need to improve and increase the Council's new-build housing provision.

For tenants that are currently paying service charges in addition to their rent, the average total increase equates to 3.15% (3.7% in 2012/13), and compares favourably to most local authorities.

Recommendation(s)

The Cabinet is recommended to agree:

- (i) The HRA estimates for 2013/14 as detailed in Appendix 6;
- (ii) An overall average Council dwelling rent increase of 4.96% in accordance with the Central Government formula, which is equivalent to £4.21 per week and comprises the following:
 - New build and acquired Council homes - rents set at 50% or 65% of the Local Housing Allowance for the Borough.
 - Other houses - 5.46% average increase.
 - Other flats - 4.36% average increase.
- (iii) A decrease to tenant service charges of 2.38% (£0.66 per week);
- (iv) An increase to communal heating and hot water charges of 7% (£0.97 per week);
- (v) No increase to the garage rent levels set by Cabinet under Minute 4 (22 May 2012);
- (vi) That rents for commercial properties increase in line with lease agreements.
- (vii) The above changes taking effect from 1 April 2013.

Reason(s)

The council must prepare proposals in January and February each year relating to income from rent and other charges, and expenditure in relation to management and maintenance of its housing stock. A decision is required with regard to rents and service charges in February in order that statutory notice can be given to tenants prior to the 01 April 2013 implementation.

1. Introduction and Background

1.1 This report sets out the 2013/14 HRA budget, together with proposed increases in rent and other charges, reviews the forecast position and options for maintaining sufficient reserves as a contingency to safeguard against unforeseen events and generate the resources to ensure that the Council can deliver its Housing investment priorities.

HOUSING REVENUE ACCOUNT - SUMMARY FORMAT				
	2012-13 £000	2013-14 £000	Change £000	% Increase
INCOME				
Rents of dwelling	(84,616)	(86,627)	(2,011)	2.4
Non Dwelling rents	(2,574)	(2,502)	72	(2.8)
Charges for services and facilities	(17,153)	(17,529)	(376)	2.2
Interest and investment income	(93)	(336)	(243)	261.3
	(104,436)	(106,994)	(2,558)	2.4
EXPENDITURE				
Repairs and maintenance	19,522	19,000	(522)	(2.7)
Supervision and management	37,015	37,658	643	1.7
Service Transformation		1,000	1,000	-
Rent, rates, taxes and other charges	893	700	(193)	(21.6)
Provision for bad debts	992	3,158	2,166	218.3
Interest charges payable	9,684	9,759	75	0.8
TOTAL EXPENDITURE	68,106	71,275	3,169	4.7
Revenue Investment in capital	(36,330)	(35,719)	621	(1.7)

2. Proposal and Issues

2.1 The Council has a statutory responsibility through the Local Government and Housing Act 1989 to manage the HRA as a ring-fenced landlord account providing housing services to the Council's tenants and leaseholders. This report makes recommendations on the setting of rents and other charges for 2013/14 in accordance with the Council's statutory responsibility.

2.2 The Local Government and Housing Act 1989 Section 74 Part V1 specifies the major items that must be included in the HRA. Section 66(4) of the Act specifies that the HRA must be produced in accordance with approved Accounting Code of Practice

- 2.3 The Localism Act 2011 has introduced a new system of financial arrangements for council housing, replacing the former national HRA and subsidy system with local self-financing of council housing. In return for re-allocating the national aggregate council housing debt, councils now retain all of their locally generated income from council housing but will have no further recourse to Central Government in the management of its housing finances –the HRA now operates effectively as a standalone business within the Council
- 2.4 The Cabinet can determine to increase rents at a level higher or lower than national guidelines. It should be noted that any rent increase below that assumed in the business plan would reduce the council's ability to fund the future housing capital programme. Increases above national rent policy however are restricted due to Housing Benefit rent limits.

3. HRA Overview

- 3.1 Members should note that significant efforts have, and remain focused on improving the overall management of the HRA to ensure the account remains financially viable. This includes:

(i) Garage Strategy

During 2012 Cabinet agreed an approach to housing garages aimed at developing site specific responses to underused garages including:

- demolition, conversion to car parking
- consideration for alternative use
- Investing in sites, with provision made within the Housing Investment programme
- The development of a localised charging policy with charges linked to local, borough or out of borough usage

(ii) Water Commission

The council collects water and sewerage charges on behalf of Essex and Suffolk water (also known as Northumbrian Water Group) as part of its rent collection. This was a 3 year contract agreed in 2009/10 where a commission level, inclusive of void risk, of 13%, was agreed from a previous level of only 6.5%. This is now due for negotiation again and officers have started the process. The HRA budget assumes this process continues.

(iii) Repairs & Maintenance Contract

The contract with Enterprise is set to expire in 2013 and LBBDD is currently in the process of putting in place new arrangements for the future delivery of repairs and maintenance. From 2013/14 this will be delivered, primarily through an in-house service, with a Repairs help centre provided from Pondfield House in partnership with Elevate. Significant investment is being made within the current year to enable the new arrangements to be successfully put in place. Work will continue during 2013/14 to improve service delivery and realise efficiencies within the service and increase resident satisfaction and deliver savings of 2.7%.

(iv) Service Improvement & Efficiency

The Corporate Director of Housing & Environment is to lead a review of the delivery of housing management and related services, to test for performance and effectiveness. This will seek to identify best working practice in recognition of the changing stock requirements, as well as the wider public sector financial climate. It is intended that this should enable efficiency savings of a minimum of 5% to be identified through this exercise (£1.45m). In particular, the service will look for opportunities to mechanise and automate processes, increase income, and achieve efficiencies, supported in some cases through capital investment.

(v) Localities Model

The localities model is now in place with six locality areas providing housing, and environmental services. This includes environmental enforcement work as well as combined teams of staff providing horticulture, caretaking and street cleaning services under the coordination of a locality manager. The two wider areas have also undergone changes with new roles and responsibilities created. The localities model creates mixed HRA and General Fund teams and activities, aimed at providing flexible and responsive services which increase resident satisfaction and achieve efficiencies. The establishment of these teams are cost neutral to the HRA.

(vi) Estate Regeneration

The Council is committed to the regeneration of estates within the borough to redevelop uneconomic and obsolete properties and estates and to provide new affordable housing better suited to meet the needs of the community.

Consequently, a programme for an initial £46m was agreed by Cabinet for which revenue implications have been built into the HRA business plan and the budget for 2013/14.

Further analysis is being undertaken to ascertain the long-term financial and social sustainability of the stock within the HRA Housing Asset Management Strategy. Following this analysis further estate renewal reports will be brought to Cabinet on a scheme by scheme basis. Such proposals will be subject to a full options appraisal and viable business case to ensure that there is no adverse impact on the financial sustainability of the Housing Revenue Account. It is likely that a variety of funding methods will need to be considered to finance such a programme because of the resource constraints within the HRA.

4. Consultation

- 4.1 The proposal has been discussed with the Cabinet Member for Housing and Members have been briefed informally. The Council's Corporate Director of Housing and relevant Members have also agreed to progress with this budget and all relevant procurement, legal and communications departments and voluntary sector organizations involved have been consulted.

5. Financial Implications

Implications completed by: Jahangir Mannan, Group Accountant, Housing & Environment

The statutory format of the Housing Revenue account is included at Appendix 6. The analysis below refers to the Summary format in Table 1 in Section 1 of the report, as this is easier to understand and presents key issues for Members and tenants more clearly.

5.1 Rents of dwellings

- 5.1.1 Under the previous subsidy system the Government, through the rent restructuring policy, determined the annual increases in rent levels. The purpose of that policy was to charge tenants fair and affordable rents but to bring these closer to private sector market rents over time – convergence to a formula rents.
- 5.1.2 This policy has been superseded by the removal of the subsidy regime, but the government still wishes to secure convergence of rents over time. Their current expectation/wish is that rents will converge by 2015/16
- 5.1.3 The Government policy on calculating formula rents also includes a driver for inflation and for 2013/14 this is 2.6% (September 2012 RPI). With this inflationary factor embedded in the rent formula, the central government's proposed annual rent increase would be 4.96% or an average of £4.21 per week. The composition of the overall increase is:-
- New build and acquired Council homes – rents set at 50% of the Borough Local Housing Allowance level or at affordable rents above this (65%) – as agreed by Cabinet 13 November 2012
 - Other houses - rents increase by 5.46%
 - Other flats - rents increase by 4.36%
 - Void houses that have been refurbished to the full decent homes standard will be relet at rents set at 50% of the Borough Local Housing Allowance level.
- 5.1.4 There are number of properties within the HRA which are being used (and will continue to be used) as part of the Temporary Accommodation Strategy. The rent levels have been set at a higher amount than the current average levels, in order to cover the additional costs related to this type of placement. The expected number of these placements (c.1%) is a small proportion of the overall housing stock and has not materially affected the limit rent calculation for subsidy purposes. Overall there is a small surplus to the HRA as per the table below.

Temporary Accommodation Account	£'000
Rental Income	(3,120)
Staffing Costs	1,814
Non-staffing costs	1,000
Net surplus to HRA	(306)

- 5.1.5 As part of the Estate Renewal Programme, the HRA is also losing a significant number of properties, which have been earmarked for demolition. In 2013/14 the rental loss is estimated to be in the region of £2.2m.

5.1.6 Recent changes to Right to Buy legislation came into effect in April 2012. However, the number of sales within the borough have so far remained constant at around 50 sales per annum.

5.1.7 The table below shows the net expected rental income from the above changes:

Rental Income	£'000
2012/13 Budget	(84,616)
Rent increase 4.96%	(4,276)
Rent loss due to Estate Renewal	2,288
Right to Buy Sales	233
Increased rental income from Estate Renewal properties used as temporary accommodation	(520)
Other stock adjustments	264
2013/14 Budget	(86,627)

5.2 Non Dwelling Rents

5.2.1 Commercial property - rents are based on the contractual agreement in place at the start of the commercial let. The contracts determine the annual increase in the rental charge. Where a contract comes up for renewal or is a new contract then these charges are determined based on market conditions. It is anticipated that the current economic situation will have minimal impact on this income. There is a budgeted income of £1.56m in 2013/14.

5.2.2 Garage rents - income will increase in line with that agreed in the Cabinet report of May 2012, which reduces the high level of voids currently experienced in our garage stock.

5.3 Charges for services and facilities

5.3.1 Tenant service charges are split into two: firstly, an estimated service charge in respect of caretaking, concierge, grounds maintenance, security charges and TV aerials; secondly a recovery for combined heat and light cost which are charged by the energy suppliers.

It is proposed that these charges are changed by:

- Service charge: a reduction of -2.38%, or an average of £0.66 per week;
- Combined Heat and light: an increase of 7 %, or an average of £0.97 per week, in line with anticipated charges from utility companies.

5.3.2 Leasehold charges are based on actual costs incurred for the above services as directed by the Tenant and Leasehold Act 1985 and in accordance with the terms of the lease.

5.3.3 The HRA charges and collects water rates to tenants on behalf of the Essex and Suffolk (Water) Board (ESB). The ESB in return pay the HRA a fee for the management and collection of water rates. The ESB also determine the annual

increase in charges and these increases are applied to tenants by the Council. The ESB's proposed increase in 2013/14 is still to be agreed and so the Council has not been notified of the proposed increase to date.

5.4 Interest and investment income

5.4.1 The HRA treasury management function will form a key component of the business plan and HRA budgets. The two main aspects of this will be to ensure interest payments servicing the final debt allocation are minimised whilst cash flow management allows housing stock investment to progress as required.

5.4.2 The budgeted figure is an increase and represents the forecasted interest to be earned on higher than forecasted cash balances. This one-off improvement is mainly due to slippage in the 2012/13 capital programme, which has been used to take advantage of investment opportunities to get greater returns.

5.5 Repairs & Maintenance

5.5.1 The HRA provides a repairs and maintenance service to tenants as part of its duty as a social landlord. The wider HRA has a budget of £20m to meet its landlord duty in 2013/14 - £19m revenue (in the summary table) and £1m capital. The service will mainly be provided by an in-house DLO (direct labour organisation) and Elevate as existing the ten-year repairs contract with Enterprise expires in May 2013. The budget represents an efficiency reduction of £522k from the 2012/13 budget (2.6%) which has been made possible by bringing the repairs service in-house.

5.6 Supervision & Management

5.6.1 Elements of the overall HRA supervision and management budget will increase by £1.6m from £37.0m to £37.7m (1.7%). The increase in supervision and management costs can be separated into the following categories:

Non-Controllable expenditure (£8.9m)

- a) Energy costs are projected to increase in 2013/14 following formal announcement by energy providers suggesting an increase in rates of approximately 7% (£173k).
- b) Water & sewerage charges as set by Essex & Suffolk Water to increase by £700k. Both Energy and Water costs will be offset by increased income.

Controllable expenditure (£28.8m)

- c) Inflation on salaries set at 0% in line with the corporate policy. However, other cost increments and pressures add up to approximately £760k, of which around £300k represents additional works for temporary accommodation properties and is included in the amounts recovered back through its trading account (see table in 5.1.4). The remaining budget will be subject to an efficiency drive to reduce costs by approximately £1.45m. The net movement will be a reduction of £690k.
- d) Recharges to the HRA are for services provided to HRA tenants and leaseholders by internal Council services. These range from central service functions (such as Payroll, Finance and IT), to front line delivery services such as refuse collection,

grounds maintenance and building cleaning. Recharges of £12.7m were made to the HRA in 2012/13 and in 2013/14 this will increase to £13.157m, an increase of £457k (3.6%). As part of the savings process, a review of services and activities provided identified an additional £333k payable by the HRA, with the balance increase (£144k) due to price and volume increases in some activities.

5.7 Service Transformation

- 5.7.1 It is proposed to set aside a one-off sum of £1m (£500k revenue and £500k revenue contribution to capital) as a transformation budget to facilitate the delivery of efficiencies mentioned in 5.7.1 (c) above.

5.8 Rents rates & other charges

- 5.8.1 This includes the budget for council tax on empty properties, property insurance and rent of office premises. In view of the probable changes relating to technical Council Tax changes, such as a shorter empty period before tax is payable, a thorough review was made of this budget. This identified a net improvement in the budget for 2013/14 of £193k.

5.9 Provision for bad debts

- 5.9.1 The Council has followed the convention of setting a provision equal to 1% of all income raised to offset against non collection and debt write-off risk. There is a significant risk that the national Welfare Reform changes will pose a significant challenge to the Council's ability to collect income at current levels.
- 5.9.2 Whilst work is urgently being carried out by officers to determine the exact magnitude of this risk, an increase to the provision to approximately 3% based on results from the Government's pilot Welfare Benefits change implementation areas, has been included for budget purposes
- 5.9.3 As described elsewhere in this report, significant changes to welfare benefits, including Housing Benefit, are being implemented on a phased basis across the country. Initial studies show that this will affect many Council tenants principally through the introduction of a benefits cap within the new Universal Credit; occupancy criteria and direct payments of benefits to claimants.

The impact of these changes will significantly increase the risk of lower income collection rates. Accordingly, as part of the HRA's comprehensive and proactive approach to risk management, this risk is subject to ongoing scrutiny and a work programme is being devised and implemented to minimise the impact of the benefit changes on the HRA's income collection levels.

As part of this work programme consideration is being given to the establishment of a team within the HRA to support tenants to maximise their income through a package of welfare benefits advice initiatives and employment support activities.

5.10 Interest charges payable

5.10.1 The borrowing costs attached to the debt settlement in March 2012 represent a significant cost to the HRA, although the Public Works and Loans Board (PWLB) provided preferential rates for settlement debt. The HRA Budget therefore includes provision of £9.7m in 2013/14 to fund the ongoing borrowing costs of the settlement.

5.11 Housing Investment Programme

5.11.1 Table below is an extract from the latest HRA Business plan.

£m	10 yr	2012/13	2013/14	2014/15	2015-2021
Revenue investment in capital	409.2	36.8	35.7	35.0	301.7
Grant and new borrowing	114.9	11.2	43.8	41.4	18.5
Total capital resources	524.1	48.0	79.5	76.4	320.2
Total investment in existing stock	(349.9)	(21.1)	(38.8)	(33.3)	(256.7)
Total New Builds	(129.1)	(14.3)	(31.8)	(33.3)	(49.7)
New R&M service implementation	(5.0)	(2.0)	(3.0)		
Estate renewal	(40.1)	(6.0)	(9.6)	(7.5)	(17.0)
Total capital spend	(524.1)	(43.4)	(83.2)	(74.1)	(323.4)

5.11.2 In 2010/11 LBBDD commissioned Savills to carry out a detailed stock condition survey which highlighted the need to invest £1.2bn (over 30 years) in the Council's existing housing stock. This has formed the basis of a 30-year business plan to utilise HRA revenue to support this investment need.

5.11.3 The previous Government invited all authorities that had not yet achieved Decent Homes at the start of self-financing or all their stock to make bids for further resources to address the decent homes backlog. The Council on 11 January 2010 submitted a bid for the period of the current Government Spending Review period based on an updated stock condition survey. An allocation of £42m was made to LBBDD (£9.5m in 2012/13) over 4 years – although the last two years are subject to the outcome of the next Comprehensive Spending Review.

5.11.4 The HRA income and expenditure projections within the HRA Business Plan provide sufficient resources, under current assumptions, over the 30-year business plan period, to fund the Council's housing investment programme. The basic investment themes are:

- Estate renewal pump priming (£40.1m needed over 5 years)
- New build Council homes (£110.8m Council investment + £18.3m HCA grant improving);
- Investment in existing stock (£2bn over the full 30 years);

5.12.5 The HRA Business Plan must secure the financial viability of the HRA over the whole business plan period. This requires robust financial management to ensure that a balanced HRA budget can be set each year and to ensure that prudent HRA working balances are maintained as a contingency against unforeseen

circumstances and to support the delivery of quality services to residents in line with stakeholders' expectations and appropriate capital investment.

- 5.12.6 The HRA will also be providing a full management and maintenance service to Barking & Dagenham Reside, and potentially other similar projects, in return for a management fee. It will be appropriate for the HRA to manage this service within a separate account in the HRA to ensure transparency of costs in delivering this service. Such an approach will also enable the true costs and relative efficiency of service delivery to be analysed which will help drive bottom line efficiency savings within the HRA as indicated above.

6. Legal Implications

Implications completed by: Alison Stuart, Principal Solicitor - Housing and Regeneration

- 6.1 The Local Government and Housing Act 1989 places on the Council as a Housing Authority a duty to manage a ring fenced HRA; that is to say it is neither a burden on the General Fund or a net contributor. In addition there is a requirement that the HRA maintains prudent revenue balances.

7. Other Implications

- 7.1 **Risk Management** - The single biggest risk to the HRA budgets and its ability to met its landlord duty as well as fulfilling its aims of investment in current and new council stock, will be the potential adverse consequences of the new Welfare Reforms. Cumulatively, these changes will create a significant risk to the Council's ability to collect all of its income. Accordingly, the provision for bad debts has therefore been significantly increased.

The remainder of this section covers the risks that are more usually associated with this report, and more easily quantified.

Failure to approve recommendations in this report would mean that the Council would not have sufficient resources to meet its proposed capital investment strategy: build over 300 new Council homes; continue the estate renewal programme; and carry out refurbishments /improvements to the existing housing stock.

Within the budget setting process there is a degree of estimation and the adoption of assumptions which may or may not prove accurate. Any key assumptions are stated where necessary within this report.

There is a risk, albeit remote, that there could be a mandatory directive that forces the Council to follow rent convergence. If this were the case, future years' increases would be significantly higher than inflation due to the "catch up" that would be required over and above inflation. However, there has been no indication from CLG that this will be the case at present.

The repair and maintenance of the Council's stock is a significant cost to the HRA and the current contract with Enterprise is due to come to an end in May 2013. Although the design of the new in-house service is currently underway there are

risks around the ending of the existing contract and the set up and implementation of the new service.

The debt settlement figure has incorporated the decanting costs of the properties contained within the Estate renewal programme. However, a condition of the housing orders which enable the decanting is that for them to be effective the Council must decant these properties within five years. If there should be slippage in the programme costs would escalate.

Similarly, the New build programme, and Decent Homes programme are part funded through HCA grants, in return for delivering an agreed number of affordable homes and making number of current council properties 'decent'. Failure to deliver on those may mean a reduction of the grant allocation leading to a bigger contribution from HRA revenue to meet the shortfall or a smaller programme.

The Cabinet can determine to increase rents higher or lower than national guidelines but any rent increase below that assumed in the business plan would put at risk the Council's ability to fund the future housing capital programme. Increases above national rent policy however are restricted due to Housing Benefit rent limits.

- 7.2 **Customer Impact** - This report details officers recommendations on the annual rents and charges increase to tenants and leaseholders within the Borough.

Background Papers Used in the Preparation of the Report:

- Local Government Act 2003;
- Housing Revenue Account Manual;
- Department for Communities and Local government (CLG) 2011/12 and 2012/13 Subsidy Determinations;
- Office of the Deputy Prime Minister (ODPM) Consultation Papers on Resource Accounting and Rent Convergence;
- ODPM Consultation paper on the three year review of Rent Restructuring;
- Service Plan for Housing Services;
- Localism Act 2011

List of appendices:

- | | |
|---|---------------------------------------|
| 1 | HRA Working Balances |
| 2 | Rental Income Analysis |
| 3 | Average Rent Analysis |
| 4 | Rental Income Debtor Account |
| 5 | Budget Assumptions |
| 6 | HRA Estimate 2013/14 Statutory format |

HRA WORKING BALANCE 2013-14	APPENDIX 1
	2013-14
	£000
Working Balance 1st April 2012	8,268
Projected Surplus /(Deficit) 2012/13	0
Working Balance 1st April 2013	8,268
Projected Surplus /(Deficit) 2013/14	0
Working Balance 31st March 2014	<u>8,268</u>

RENTAL INCOME ANALYSIS		APPENDIX 2		
	2012-13	2013-14	Change	%
	£000	£000	£000	Change
INCOME				
Rents of dwelling*	(84,616)	(86,627)	(2,011)	2.38
Tenants Service Charges (exc heating and water)*	(6,382)	(5,679)	703	(11.02)
TOTAL INCOME	(90,998)	(92,306)	(1,308)	1.44
AVERAGE RENT ANALYSIS		APPENDIX 3		
	2012-13	2013-14	Change	%
	£per week	£per week	£per week	Change
Average Rent	84.89	89.10	4.21	4.96
Tenants Service Charges (exc heating and water)	27.74	27.08	(0.66)	(2.38)
AVERAGE RENT	112.63	116.18	3.55	3.15
Average Stock(number of properties)	18,735	18,382	(353)	(1.88)

* reflects loss of dwellings due to Estate Renewal Programme

RENTAL INCOME DEBTOR ACCOUNT**APPENDIX 4**

	Current Debtors £000	Former Tenant Debtors £000	Total Debtors £000
Debtor Balance - 1st April 2012	3,514	2,069	5,583
Projected Change in 2012/13	105	103	209
Debtor Balance - 31st March 2013	3,619	2,172	5,792
Projected Increase in 2013/14	2,105	61	2,166
Debtor Balance - 31st March 2014	5,725	2,233	7,958
Annual Increase in Arrears	58.2%	2.8%	37.4%
Proportion of Annual Rent & Service Charges Debit	5.4%	2.1%	7.6%
Increased provision for bad debts		2,166	2,166

Rent

Average Rent Increase	4.96%
Average Rent Increase Houses	5.46%
Average Rent Increase Flats	4.36%
Voids (1.5% of Gross Rent)	1.50%
Garage Increase	as per strategy

Stock Assumptions

Decants In year	303
Right to Buy Sales in year	50

Tenants Service Charges

	2012-13 Charge £ pw	2013-14 Charge £ pw	Change £ pw	Increase %
Amenity Greens				
Grounds maintenance	1.59	1.53	(0.06)	(3.77)
Landlord lighting	1.79	1.79	0.00	0.00
Cleaning	4.37	3.83	(0.54)	(12.36)
Total Amenity Green*	7.75	7.15	(0.60)	(7.74)
Caretaking	6.65	6.59	(0.06)	(0.90)
Safer Neighbourhood	1.01	1.01	0.00	0.00
TV Aerials	0.58	0.58	0.00	0.00
Concierge	11.75	11.75	0.00	0.00
	27.74	27.08	(0.66)	(2.38)

*This appears as one charge in the rent letter

Supervision & Management

Inflation - staffing	0.00%
Inflation - energy	7.00%
Inflation- other	0.00%

Interest

Debt Interest	3.52%
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HRA ESTIMATE 2013-14 (STATUTORY FORMAT)

APPENDIX 6

	2012-13 £000	2013-14 £000	Change £000	% Increase
INCOME				
Rents of dwelling	(84,616)	(86,627)	(2,011)	2.4
Non Dwelling rents	(2,574)	(2,502)	72	(2.8)
Charges for services and facilities	(17,153)	(17,529)	(376)	2.2
Capitalisation of revenue repairs	(1,000)	(1,000)	0	0.0
	(105,343)	(107,658)	(2,315)	2.2
EXPENDITURE				
Repairs and maintenance	20,522	20,000	(522)	(2.5)
Supervision and management	36,204	37,847	1,643	4.5
Rent, rates, taxes and other charges	893	700	(193)	(21.6)
Depreciation of fixed assets*	14,875	9,500	(5,375)	(36.1)
Provision for bad debts	992	3,158	2,166	218.3
Interest charges	9,684	9,759	75	0.8
TOTAL EXPENDITURE	83,170	80,964	(2,206)	(2.7)
NET INCOME - HRA SERVICES	(22,173)	(26,694)	(4,521)	20.4
Corporate and Democratic Core	811	811	0	0.0
Revenue Contribution towards Capital	21,455	26,219	4,764	22.2
NET COST OF HRA SERVICES	93	336	243	261.3
Interest and investment income	(93)	(336)	(243)	261.3
DEFICIT / (SURPLUS) FOR THE YEAR	0	0	0	0.0

*This is a presentational change only. Historically, the depreciation charge has been linked to the Major Repairs Allowance and would have included the depreciation charge plus a capital contribution. Changes in self financing accounting requirements mean the charge is now reported as depreciation only, with the balance included in the Revenue Contribution to Capital.

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CABINET

12 February 2013

Title: Treasury Management Strategy Statement 2013/14	
Report of the Cabinet Member for Finance	
Open Report	For Decision
Wards Affected: None	Key Decision: Yes
Report Author: David Dickinson, Group Manager Pensions and Treasury	Contact Details: Tel: 020 8227 3497 E-mail: david.dickinson@lbbd.gov.uk
Accountable Divisional Director: Jonathan Bunt, Divisional Director of Finance	
Accountable Director: Graham Farrant, Chief Executive	
<p>Summary:</p> <p>This report deals with the Treasury Management Annual Investment Strategy Statement, Treasury and Prudential Indicators, Annual Investment Strategy and borrowing limits, in compliance under section 15 (1) (a) of the Local Government Act 2003.</p> <p>The production and approval of a Treasury Management Annual Strategy Statement and Annual Investment Strategy are requirements of the Council under Section 15(1) of the Local Government Act 2003. It is also a requirement of the Act to set an authorised borrowing limit for the forthcoming financial year.</p> <p>The Local Government Act 2003 also requires the Council to have regard to the Prudential Code, and to set prudential indicators which take into account the Council's capital investment plans for the next three years.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is asked to recommended the Assembly to approve the Treasury Management Strategy Statement for 2013/14 attached at Appendix 1 to the report, and in doing so:</p> <ul style="list-style-type: none"> (i) The current treasury position for 2012/13 and prospects for interest rates, as referred to in sections 6 and 7 of Appendix 1; (ii) The revised Authorised Borrowing Limit (General Fund and HRA) of £502m for 2012/13, which includes an estimated £15m borrowing to finance the 2012/13 Capital Programme; (iii) The Council's Borrowing Strategy, Debt Rescheduling Strategy and Policy on borrowing in advance of need for 2013/14, including the effects on treasury management of Housing Revenue Account reform, as referred to in sections 9 - 12 of Appendix 1; 	

- (iv) The Minimum Revenue Policy Statement for 2013/14 setting out the Council's policy on repayment of debt as set out in Appendix 1C;
- (v) The Authorised Borrowing Limit (General Fund and HRA) of £499m for 2013/14, representing the statutory limit determined by the Council pursuant to section 3(1) of the Local Government Act 2003, as set out in Appendix 1B;
- (vi) The Treasury Management Indicators and Prudential Indicators for 2013/14, as set out in Appendix 1B; and
- (vii) The Annual Investment Strategy and Creditworthiness Policy for 2013/14 outlining the investments that the Council may use for the prudent management of its investment balances, as set out in Appendix 1D.

Reason(s)

To enable the Council to accord with the requirements of the Local Government Act 2003.

1. Introduction and Background

1.1 This report provides a brief explanation of the key elements of the Council's Treasury Management Strategy, its MRP Strategy and the Annual Investment Strategy for 2013/14, which are set out in detail in Appendix 1 to this report. The Council is statutorily required to approve the Treasury Management Strategy prior to the new financial year.

1.2 The key elements of the Strategy relate to the following:

- Investment Strategy – relating to the management of the Council's cash balances;
- Borrowing Strategy – relating to the financing of the Council's capital programme;
- Minimum Revenue Provision Strategy – a council has a duty to charge to its general fund an amount of MRP which it considers to be "prudent".

1.3 The report also summarises proposed changes to strategy from last year.

2. Proposal and Issues

2.1 Cash Management

2.1.1 The Council has cash balances arising from its operational activities, i.e. sources of income such as grants and Council Tax are received during the year and this is offset by daily expenditure to run services. Due to the timing of these cash inflows and outflows, a surplus of cash is available at any point in time for investing. This is because, in general, significant sources of income for the year such as grants are received in advance of expenditure, plus the Council also holds specific reserves for future expenditure plans.

2.1.2 Cash balances are also affected by "working capital", which relates to amounts of outstanding payments to be made to suppliers (accounts payable) offset by

amounts owed to the Council (accounts receivable). Cash balances are higher when the level of accounts payable is greater than accounts receivable, because the Council has incurred net expenditure in accounting terms which has not been paid for in cash terms.

2.1.3 The Council's historical cash balances as at the year end (31 March) since 2009 are provided below.

2011/12 - £100m
 2010/11 - £94m
 2009/10 - £116m
 2008/09 - £125m

The forecast for 2012/13 is for the Council to have a cash balance of £125m, which is significantly higher than the cash balance for 2011/12.

2.1.4 These balances are made up of the following sources of cash:

- Capital grants and Section 106 funds received in advance of expenditure;
- General Fund and HRA Fund balances;
- Earmarked Reserves;
- Capital Receipts;
- Provisions;
- Loans from Public Works Loan Board and banks to fund capital expenditure but not yet spent;
- Working Capital.

2.1.5 At the end of December 2012, the Council's cash balances totalled £135m and were invested as follows:

Bank / Counterparty	£m
Internally Managed:	
Lloyds TSB Group	46.0
Royal Bank of Scotland	30.0
Santander Group	0.1
Barclays	15.0
Money Market Funds	
Federated Prime Rate	4.7
Goldman Sachs	0.1
External Fund Managers:	
Investec Asset Management	39.1
Total	135.0

2.2 Investment Strategy

2.2.1 The Council's investments are managed on the following principles, in order of priority:

- **Security** – minimising the risk of losing cash arising from a bank failure and consequent default (as occurred with Icelandic Banks in 2008).
- **Liquidity** – ensuring the Council will have access to cash as required to meet daily expenditure obligations.
- **Yield** – after ensuring the above are met, the Council will aim to maximise interest earnings on cash invested.

2.2.2 As financial markets are still being affected by the Eurozone crisis, with increasing credit risk for banks in the Eurozone area and a number of bank and country rating downgrades, it is proposed to continue the policy of limiting investments to UK banks until there is a satisfactory resolution to the crisis. The TMS does allow for the use of AAA rated foreign banks and these will continue to be monitored.

2.2.3 Following a number of credit rating downgrades in 2012, the number of counterparties that the Council can invest in has decreased further. At the same time the amount of cash held by the Council has increased from £100m as at 31 March 2012, to £135m as at 31 December 2012. As a result of the reduction in counterparties, in the Treasury Management Strategy Statement Mid-year Review Report, Members agreed to increase the counterparty investment for Lloyds TSB from £30m to 40% of the current cash balance. It is proposed that this increase in limit is maintained throughout 2013/14.

2.2.4 In the past the Council has set a minimum short term rating and long term credit rating restriction for investment. While this is a reasonable approach, the Counterparties the Council invests in are exposed to a greater range of factors that should be considered when monitoring their counterparty risk. It is therefore recommended that the Council applies the creditworthiness service provided by its advisor, Sector, which employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

2.2.5 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments and are outlined in detail in Appendix 1 section 16.

2.2.6 The use of derivative financial products will continue to be excluded from the strategy due to potential losses arising from instability in the financial markets at this time.

2.3 Borrowing Strategy

2.3.1 The Council is allowed to borrow funds from the capital markets for two purposes:

- (i) Short term temporary borrowing for day to day cash flow purposes to ensure liquidity. This is likeliest to occur towards the end of the financial year when the Council's cash balances are lowest and Council's own cash may be tied up in longer term investments.
- (ii) Long term borrowing to finance the capital programme where the Council can demonstrate the borrowing is affordable. The Council receives external funding (e.g. grants, TfL contributions etc) to meet a large proportion of its capital expenditure but some projects do not attract specific funding. These projects have to be funded by the Council from sources such as capital receipts from the sale of property. However in recent years the Council has not had these funds available and therefore has had to borrow.

2.3.2 The Council's borrowing as at 31 December 2012 was made up of four elements:

- a) External loans from Public Works Loan Board and private banks - £60m;
- b) HRA PWLB Loans - £266m;
- c) PFI/finance lease liabilities - £58m; and
- d) "Internal" borrowing - £99m.

2.3.3 Internal borrowing represents the use of surplus available cash balances to pay for capital spend, rather than undertaking new external loans. The Council will use internal cash balances by reducing investments when deposit rates on investments are lower than interest rates on new loans. This is because the lost interest earnings on reduced cash balances are cheaper than increased interest payable on a new external loan. An additional advantage of maintaining a lower cash holding amount is that it ensure that the Council's investment risk exposure is lower.

2.3.4 In 2013/14 a continuation of low short term interest rates compared to the medium and longer term rates is expected. This indicates that it is likely that there will be an on-going "cost of carry" for holding cash through borrowing in advance of capital expenditure being incurred. Therefore it is recommended that the Council continues the strategy of keeping cash balances low and utilising internal borrowing to finance capital expenditure.

2.4 Repayment of Borrowing

2.4.1 The Council's external borrowings are all loans where the principal is repaid at maturity. A loan of £10m is scheduled to be repaid in 2013/14 and it is proposed to fund the principal repayment from revenue or generating capital receipts.

2.3.7 Internal borrowing can be also be reduced by generating capital receipts, which will replenish cash balances and in accounting terms be used for financing historic spend rather than for new capital projects.

3. Financial Implications

3.1 The financial implications have been discussed in detail in earlier sections of this report.

4. Legal Implications

Implications completed by: Eldred Taylor-Camara, Legal Group Manager

- 4.1 The Local Government Act 2003 (the “Act”) requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy which sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 4.2 The Council also has to ‘have regard to’ the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out its functions under the Act.
- 4.3 This report sets out the Councils strategies in accordance with the Act.

5. Other Implications

- 5.1 **Risk Management** - This report has risk management issues for the Council, primarily that a counterparty could cease trading or risk that interest rates would fall adversely. The mitigation of these is contained in this report.

Background Papers Used in the Preparation of the Report:

- Local Government Act 2003
- CIPFA – Revised Prudential Code for Capital Finance in Local Authorities
- CIPFA – Revised Treasury Management in the Public Services
- Budget Framework Report 2013/14
- HRA Business Plan v7 (16 Jan 2012)

List of appendices:

- Appendix 1 – Treasury Management Strategy 2013/14
- Appendix 1A – Interest Rate Forecasts 2013 – 2016
- Appendix 1B – Prudential Indicators 2013/14 – 2015/16
- Appendix 1C – Minimum Revenue Provision Policy Statement
- Appendix 1D – Annual Investment Strategy
- Appendix 1E – Approved countries for investments
- Appendix 1F – Treasury management scheme of delegation and Section 151 officer responsibilities
- Appendix 1G – Economic Background

TREASURY MANAGEMENT STRATEGY, MRP STRATEGY AND ANNUAL INVESTMENT STRATEGY 2013/14

1. Background

- 1.1 The Council is required to operate a balanced budget, with cash raised during the year sufficient to meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed.
- 1.2 Surplus monies are invested in counterparties or instruments commensurate with the Council's risk appetite, providing adequate security and liquidity initially, before considering investment return.
- 1.3 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations.
- 1.4 This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet the Council's risk or cost objectives.
- 1.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.6 The Council is responsible for its treasury decisions, activity and risk appetite. The successful identification, monitoring and control of risk are integral elements of treasury management, including credit and counterparty risk, liquidity risk, market risk, interest risk, refinancing risk and legal and regulatory risk.
- 1.7 The Treasury Management Strategy takes into account the impact of the Council's proposed Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators and the outlook for interest rates. In addition the current market conditions are factored into any decision making process.
- 1.8 As the Council is responsible for housing, Prudential Indicators relating to Capital Expenditure, financing costs and the Capital Financing Requirement will be split between the Housing Revenue Account (HRA) and the General Fund. The impact of any new capital investment decisions on housing rents will also need to be considered.

2. Reporting Requirements

2.1 The Council is required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by Committee before being recommended to the Council.

2.2 Prudential and Treasury Indicators and Treasury Strategy (this report) –
The first and most important report and covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

2.3 **An annual treasury report** that provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2.4 **A mid-year treasury management report** to update Members on the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision or amendment.

3. Treasury Management Strategy for 2013/14

3.1 The Local Government Act 2003 and supporting regulations require the Council to 'have regard to' the CIPF Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years and to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

3.2 The Act requires local authorities to set out their treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment Guidance issued subsequent to the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

3.3 The Department of Communities and Local Government (CLG) has issued revised investment guidance that came into effect from 1 April 2010, and the Council has adopted the recommendations of the guidance.

3.4 The strategy for 2013/14 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators; and
- the minimum revenue provision (MRP) strategy.

Treasury Management Issues

- the current portfolio position;
- macroeconomic outlook and prospects for interest rates;
- the General Fund and HRA borrowing requirement and strategy;
- policy on borrowing in advance of need;
- debt rescheduling and repayment;
- the use of the Council's resources and expected investment balances;
- the Annual Investment Strategy and Investment Policies;
- Investment Counterparty Selection Criteria
- creditworthiness policy;
- use of additional information other than credit rating;
- policy on use of external service providers; and
- treasury indicators which limit the treasury risk and activities of the Council.

3.5 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

4. Treasury Management Consultants

4.1 The Council uses Sector as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

4.2 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

4.3 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

5. Member and Officer Training

5.1 The CIPFA Code requires the responsible officer, the Chief Finance Officer, to ensure that members with responsibility for treasury management receive adequate training in treasury management.

5.2 Training will be arranged for Members as required. The training needs of treasury management officers are periodically reviewed.

6. Current Portfolio Position

- 6.1 Table 1 below shows the Council's investments and borrowing balances as at 31 December 2012, including the average life and the Rate of Return.

Table 1: Council's treasury position at 31 December 2012

	Principal Outstanding 31/12/2012 £'000s	Average Rate of Return 31/12/2012 %	Average Life as at 31/12/2012 (yrs)
Fixed Rate Funding:			
PWLB	285,912	3.55	38.96
Variable Rate Funding:			
PWLB	0	0	0
Market	40,000	4.02	55.89
Total Debt	325,912	3.61	41.04
Investments			
In-House	95,708	1.79	
External Managers:			
Investec	39,050	1.03	
Total Investments	134,758	1.57	

- 6.2 The sum invested broadly represents the reserves, provisions and balances that the Council holds together with the impact of any difference between the collection of income and expenditure (working capital). Included in the Council managed cash balances is £6m relating to the Pension fund.

7. Macroeconomic Outlook and Prospects for Interest Rates

- 7.1 The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of personal debt, inflation eroding disposable income, general malaise about the economy and employment fears.
- 7.2 The primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK, but urgently needs to resolve the fiscal cliff now that the Presidential elections are out of the way. The resulting US fiscal tightening and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.
- 7.3 This challenging and uncertain economic outlook has several key treasury management implications:

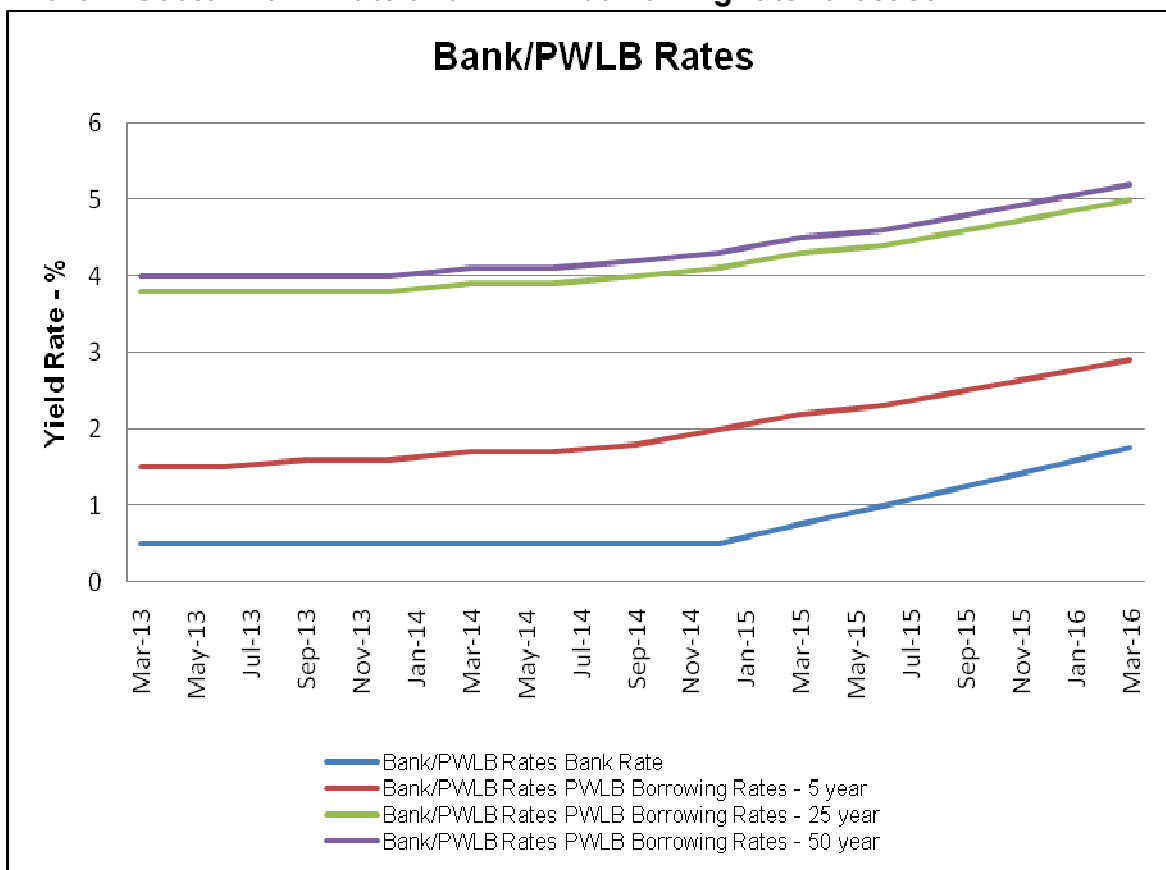
- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2013/14 and beyond;
- Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully; and
- There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

7.4 The Council has appointed Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. From 1 November 2012, the Government reduced by 20 basis points the interest rates on loans from PWLB (the Certainty Rate) to local authorities who provide the required information on their plans for long-term borrowing and associated capital spending. Interest rate forecasts have been adjusted to reflect this lower borrowing rate available to the Council. Table 2 and Chart 1 provide Sector’s central view on interest rates.

Table 2: Sector Bank Rate and PWLB borrowing rate forecast

As at Date	Bank Rate %	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year %	25 year %	50 year %
Jun-13	0.5	1.5	3.8	4.0
Sep-13	0.5	1.6	3.8	4.0
Dec-13	0.5	1.6	3.8	4.0
Mar-14	0.5	1.7	3.9	4.1
Jun-14	0.5	1.7	3.9	4.1
Sep-14	0.5	1.8	4.0	4.2
Dec-14	0.5	2.0	4.1	4.3
Mar-15	0.75	2.2	4.3	4.5
Jun-15	1.0	2.3	4.4	4.6
Sep-15	1.25	2.5	4.6	4.8
Dec-15	1.5	2.7	4.8	5.0

Chart 1: Sector Bank Rate and PWLB borrowing rate forecast



7.5 Appendix 1A draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates.

7.6 As interest rate forecast shows that the UK base rate is forecast to remain at 0.5% until 2015, this would mean that short term rates are likely to remain significantly lower than long term rates throughout 2013/14 and beyond.

8. The Capital Expenditure Plans 2013/14 – 2015/16

8.1 The Council’s Housing and General Fund capital expenditure plans, together with Balances and Reserves, are the key drivers of treasury management activity. The estimates for Capital expenditure, and its funding based on current proposed Revenue Budget and Capital Programmes, are reflected in prudential indicators, which are designed to assist Members overview and confirm capital expenditure plans. The Prudential Indicators are included in Appendix 1B of this report.

8.2 Table 3 below shows the proposed capital expenditure over the coming three financial years. It is a requirement of the Prudential Code to ensure that capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and, in the case of the HRA, housing rent levels.

Table 3: Proposed Capital Expenditure 2013 to 2016

Capital expenditure £'000s	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
General Fund	97,178	67,587	74,579	32,017	5,475
HRA	30,968	43,350	83,240	74,090	45,620
HRA Settlement	265,912	-	-	-	-
Total	394,058	110,937	157,819	106,107	51,095
Financed by:					
Capital Receipts	-	6,037	12,429	5,700	1,920
Capital Grants and Contributions	79,728	54,161	96,990	33,557	7,225
Revenue contributions	1,440	607	-	-	-
Capital Reserves	-	1,195	-	-	-
HRA Resources	7,638	33,850	42,260	45,250	41,950
Net financing need for the year	305,252	15,087	6,140	21,600	-

- 8.3 The estimated financing need for the year in Table 3 represents a shortfall of resources resulting in a requirement to borrow. This underlying need to borrow is known as the Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.
- 8.4 Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.
- 8.5 Sufficient headroom has been provided within the Authorised Limit on external borrowing to ensure that any major capital investment projects where finance has yet to be finalised, are not restricted by this statutory limit. The limit covers any short term borrowing for cash flow purposes as well as long term borrowing for capital projects, finance leases PFI initiatives as well as any unforeseen incidences where expected capital receipts are not forthcoming due to unexpected economic factors.
- 8.6 Table 3 includes £266m borrowed in March 2012 to finance the HRA reform.

9. The Council's Borrowing Strategy and Borrowing Requirement

- 9.1 The decision to borrow is a treasury management decision and is taken by the Chief Finance Officer under delegated powers of the Council's constitution. The key

objective of the Council's borrowing strategy is to secure long term funding for capital projects at borrowing rates that are as low as possible. This can result in a trade off of short term returns on deposits to obtain the best possible rate on long term borrowings.

- 9.2 Treasury management, and borrowing strategies in particular, continues to be influenced by the absolute level of borrowing rates and also the relationship between short and long term interest rates. Rate forecasts indicate that interest rates will remain low until 2015 which creates a "cost of carry" between what is paid on the borrowing and what is earned on the investment for any new longer term borrowing. This is because borrowing requirements are generally over a long term period of up to 25 years, while cash is currently being invested for a maximum of a year.
- 9.3 As a result the Council will seek to maintain an under-borrowed position throughout 2013/14. This means that the CFR will not be fully funded with loan debt during the year as cash supporting the Council's reserves, balances and cash flow will be used as a temporary measure. This strategy is prudent as it reduces the "cost of carry" while investment returns remain low, as well as reduces the Council's counterparty risk, which continues to be high and is likely to will continue throughout 2013/14.
- 9.4 As circumstances can change during the year, the Chief Finance Officer will monitor interest rates in financial markets and adopt a flexible approach to any changes:
- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
 - *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still relatively cheap.*
- 9.5 The Council's borrowing strategy will give consideration to the following when deciding to take-up new loans:
- Use internal cash balances while the current rate of interest on investments remains at an all-time low. However consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if long term borrowing rates begin to increase more than forecast;
 - Using long term fixed rate market loans where rates are significantly less than PWLB rates for the equivalent maturity period;
 - Using Public Works Loan Board (PWLB) short term variable rate loans;
 - Maintain an appropriate balance between PWLB and market debt in the debt portfolio;
 - Use short dated PWLB fixed rate loans where rates are expected to be significantly lower than rates for longer period;

- Ensure that new borrowings are drawn at periods when rates are expected to be low; and
- Consider the issue of stocks and bonds if appropriate.

9.6 The Council has £40m of loans which are Lender's Options Borrower's Option (LOBO) and all of them will be in their call period during 2013/14. A LOBO is called when the Lender exercises its right to amend the interest rate on the loan at which point the Borrower (the Council) can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the Council since the decision to call a LOBO is entirely at the Lender's discretion.

9.7 As LOBOs currently make up 12.3% of the total external debt portfolio, this is not a significant risk. Any LOBO called will have the default position of repayment of the LOBO without penalty, i.e. the revised terms will not be accepted.

10. Self Financing

10.1 HRA Debt

Central Government completed the reform of the HRA subsidy system on 28 March 2012. The Council is required to recharge interest expenditure and income attributable to the HRA in accordance with Determination issued by the CLG.

The Determinations do not set out a methodology for calculating the interest rate to use in each instance. The Council is therefore required to adopt a policy that will set out how interest charges attributable to the HRA will be determined. The CIPFA Treasury Management Code of Practice recommends that authorities present this policy in the annual TMSS.

On 1 April 2012, for treasury management of the General fund and HRA debt, the Council adopted a two loans pool approach for long term debt.

- The full £265.9m of PWLB long term debt from the HRA reform settlement is allocated to the HRA, with the remaining £60.0m of debt allocated to the General Fund (GF); and
- All future long term loans are allocated into either the HRA or GF pool.

A breakdown of the HRA borrowing is provided in table 4 below:

Table 4: HRA borrowing:

Loan Type	Loan Amount	Maturity profile	Interest Rate
	£'000s	Yrs	%
PWLB	50,000	29	3.51
PWLB	50,000	39	3.52
PWLB	50,000	47	3.49
PWLB	50,000	48	3.48
PWLB	65,910	49	3.48
Total	265,910		

A debt cap of £277m has been set for the HRA. The CLG have confirmed that the debt cap, now set, cannot be breached. Good treasury management is required under self-financing to support the achievement of business objectives and to conform to the requirements of the debt cap as should the cap be breached the Section 151 officer and the Council as a whole would be in breach of the law.

10.2 HRA Investments

Cash balances held by the HRA will be invested as part of the Council's overall treasury strategy. Cash balances will generally earn the average rate of the Council's investments, which will be calculated at the financial year end.

Where there is agreement between the Chief Finance Officer and the Corporate Director of Housing & Environment, individual investments can be ring-fenced for the HRA, with the allocations made within the Council's overall treasury strategy requirements.

For further details please refer to the HRA Business Plan.

11. Policy on borrowing in advance of need

11.1 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

11.2 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

11.3 Current forecasts indicate that it is unlikely that the Council will seek to borrow in advance in 2013/14.

12. Debt rescheduling and repayment

12.1 As short term borrowing rates are usually cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, any savings will need to be based on the current treasury position and the size of the cost of debt repayment (premiums incurred).

12.2 The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy; and
- enhance the balance of the portfolio (amend the maturity profile).

12.3 Consideration will be given to identify any residual potential to make savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

12.4 Any rescheduling will be reported to the Council at the earliest meeting.

12.5 In April 2013 a £10m PWLB loan, borrowed at 4.07%, matures. Given the high level of cash currently held, the loan is expected to be repaid and will not immediately be replaced. This will reduce the General Fund borrowing to £50m.

13. Minimum Revenue Provision Policy Statement

13.1 In accordance with Statutory Instrument 2008 number 414 and new guidance issued by the Government under section 21 (1A) of the Local Government Act 2003 a statement on the Council's policy for its annual MRP needs to be approved before the start of the financial year.

13.2 The Council are asked to approve the Minimum Revenue Provision Statement set out in Appendix 1C.

14. The use of the Council's Resources and expected investment balances

14.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an on-going impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources £'000s	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Fund balances / reserves	160,000	180,000	154,000	146,000	136,000
Capital receipts	7,000	15,000	6,000	4,000	5,000
Provisions	11,000	11,000	11,000	11,000	11,000
Total core funds	177,000	206,000	171,000	161,000	152,000
Working capital*	77,000	88,000	88,000	88,000	88,000
External borrowing	336,000	326,000	350,000	364,000	364,000
Capital financing requirement	-485,000	-496,000	-500,000	-503,000	-493,000
Expected investments	104,000	125,000	109,000	110,000	111,000

*Working capital balances shown are estimated year end; these may be higher mid-year.

15. Annual Investment Strategy and Investment Policies

15.1 Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

15.2 These guidelines do not apply to either trust funds or pension funds, which operate under a different regulatory regime. The key intention of the guidance is to maintain the current requirement for councils to invest prudently. The Council's investment priorities are:

- **security** of the investment capital;
- **liquidity** of the investment capital; and
- an optimum **yield** which is commensurate with security and liquidity.

15.3 In accordance with the above, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings and watches published by all three ratings agencies with a full understanding of what the ratings reflect in the eyes of each agency. Using the Sector ratings service, banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

15.4 Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate.

15.5 The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and overlay that information on top of the credit ratings. This is encapsulated within the credit methodology provided by the advisors, Sector.

15.6 Other information sources used will include the financial press and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

15.7 The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

15.8 The intention of the strategy is to provide security of investment and minimisation of risk.

16. Security of Capital - the Creditworthiness Policy

16.1 This Council applies the creditworthiness service provided by Sector. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from the most creditworthy countries.

16.2 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.

16.3 The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years (this is for AAA rated Government debt or its equivalent)
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No colour not to be used

16.4 The Sector creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

16.5 Typically the minimum credit ratings criteria the Council will use is the short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability rating of A-, and a support rating of 1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

16.6 All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

16.7 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

17. Use of additional information other than credit ratings.

17.1 Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

18. Time and monetary limits applying to investments.

18.1 The time and monetary limits for institutions on the Council's counterparty list are set out in appendix 1D (these will cover both specified and non-specified investments).

18.2 The time limits and monetary limits set out in appendix 1D are the operational criteria in normal times. At times of heightened volatility, risk and concern in financial markets, this strategy may be amended by temporary operational criteria further limiting investments to counterparties of a higher creditworthiness and / or restricted time limits.

19. Use of other Local Authorities

19.1 Where the investment is a straightforward cash loan the Local Government Act 2003 s13 suggests that the credit risk attached to English and Welsh local authorities is an acceptable one. The Council will limit its lending to local authorities in England and Wales.

20. Use of Multilateral Development Banks

20.2 S15 of the Local Government Act 2003 SI 2004 no. 534 amended provides regulations to clarify that investments in multilateral development banks were not to be treated as being capital expenditure. Should the Council invest in such institutions then only such institutions with AAA credit rating and government backing would be invested in consultation with the Council's treasury adviser and the S151 Officer.

21. Use of Brokers

21.1 The Council deals with many of its counterparties directly through its daily dealings. From time to time the Council will use the services of brokers to act as agents between the Council and its counterparties when lending or borrowing. However no one broker will be favoured by the Council. The Council will ensure that sufficient quotes are obtained before investment or borrowing decisions are made via brokers.

22. Country limits and Use of Foreign Banks

- 22.1 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA (*excluding the United Kingdom*) from Fitch. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy. This will ensure that the Council's investments are not concentrated in too few counterparties or countries.
- 22.2 Given the strength of some foreign banks the Council will invest in strong non UK foreign banks, whose sovereign and individual ratings meet its minimum criteria of AAA.
- 22.3 During 2013/14 it is possible that the United Kingdom's sovereign rating could be downgraded by one or more ratings agencies. The TMSS will therefore not set a minimum sovereign rating of AAA for the United Kingdom so as to ensure continuity of being able to invest in UK banks if such a downgrade were to occur

23. Investment strategy

- 23.1 **In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).
- 23.2 **Investment returns expectations.** Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 1 of 2015. Bank Rate forecasts for financial year ends (March) are:
- 2012/13 0.50%
 - 2013/14 0.50%
 - 2014/15 0.75%
 - 2015/16 1.75%
- 23.3 There are downside risks to these forecasts (i.e. start of increases in Bank Rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.
- 23.4 Investment instruments identified for use in the financial year are listed in Appendix 1D under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.
- 23.5 Alternative financial instruments such as derivatives will not currently be considered but future use will remain under review.

24. Provisions for Credit-related losses

- 24.1 If any of the Council's investments appeared at risk of loss due to default, (i.e. a credit-related loss and not one resulting from a fall in price due to movements in

interest rates) the Council will make revenue provision of an appropriate amount. Where there is a loss of the principal amount borrowed due to the collapse of the institution, the Council will seek legal and investment advice.

25. End of year investment report

25.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

26. External fund managers

26.1 It is the Council's policy to use external fund managers for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories, and are contractually committed to keep the Council's investment strategy. The level of external balances is under constant review as the level of capital receipts and available cash flow diminishes. The performance of each manager is reviewed quarterly by the Chief Finance Officer or delegated officers and the Council's treasury advisers.

26.2 The Council currently uses Investec as a fund manager with £39m of the Council's funds managed on a segregated mandate basis. In selecting the institutions to include in their counterparty listing, it is the external manager's policy to maintain a list of counterparties and assets based on the Council's set minimum criteria. This list is approved by their specialist credit team who independently research all potential counterparties before inclusion and regularly monitor and update to ensure that any change in credit worthiness and valuation is captured.

26.3 The fund manager provides the Council with a periodic outlook on fund returns. For 2012/13, the return achieved for nine months to 31 December 2011 is 1.0%, compared to a best case scenario of 2.0%. This scenario is based on the recent trend of the MPC rate which has continuously remained at 0.5% with predictions for a rate change now not until late 2013.

26.4 Investec will continue to use instruments including Floating Rate Notes and supranational bonds, in addition to gilts in order to increase returns of the portfolio. However they expect to see higher yield before establishing a position.

27. Pension Fund Cash

27.1 London Borough of Barking and Dagenham manages its Pension Fund's in-house cash under a Service Level Agreement, with its share of interest earnings credited to the Pension Fund.

27.2 From October 2013 the Pension Fund will have a separate bank account for investment purposes, Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009.

APPENDIX 1A: Interest Rate Forecasts 2013 – 2016

Sector's Interest Rate View															
	Now	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
3 M onth LIBID	0.40%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.60%	0.60%	0.70%	0.80%	1.10%	1.40%	1.70%	1.90%
6 M onth LIBID	0.56%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.90%	1.00%	1.10%	1.30%	1.60%	1.90%	2.20%
12 M onth LIBID	0.92%	1.00%	1.00%	1.00%	1.00%	1.00%	1.10%	1.10%	1.20%	1.30%	1.30%	1.50%	1.80%	2.10%	2.40%
5yrPW IB Rate	1.66%	1.50%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.90%
10yrPW IB Rate	2.64%	2.50%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%	3.30%	3.50%	3.70%	3.90%
25yrPW IB Rate	3.88%	3.70%	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%	4.40%	4.60%	4.80%	5.00%
50yrPW IB Rate	4.04%	3.90%	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%	4.60%	4.80%	5.00%	5.20%
Bank Rate															
Sector's View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
CapitalEconom is	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
5yrPW IB Rate															
Sector's View	1.66%	1.50%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.90%
UBS	1.66%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CapitalEconom is	1.66%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.50%	1.60%	-	-	-	-	-
10yrPW IB Rate															
Sector's View	2.64%	2.50%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%	3.30%	3.50%	3.70%	3.90%
UBS	2.64%	2.80%	3.00%	3.10%	3.20%	3.40%	3.50%	3.60%	3.70%	3.80%	-	-	-	-	-
CapitalEconom is	2.64%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	-	-	-	-	-
25yrPW IB Rate															
Sector's View	3.88%	3.70%	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%	4.40%	4.60%	4.80%	5.00%
UBS	3.88%	4.00%	4.20%	4.30%	4.40%	4.50%	4.50%	4.50%	4.50%	4.50%	-	-	-	-	-
CapitalEconom is	3.88%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	-	-	-	-	-
50yrPW IB Rate															
Sector's View	4.04%	3.90%	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%	4.60%	4.80%	5.00%	5.20%
UBS	4.04%	4.10%	4.30%	4.40%	4.50%	4.60%	4.60%	4.60%	4.60%	4.60%	-	-	-	-	-
CapitalEconom is	4.04%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	-	-	-	-	-

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Prudential Indicators 2013/14 – 2015/16

1. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members overview and confirm capital expenditure plans.
- 1.1 **Capital expenditure:** This is the first prudential indicator, set out in table 1 below, and is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Members are asked to approve the capital expenditure forecasts:

Table 1: Capital Expenditure Forecast 2013 to 2016

Capital expenditure £'000s	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Adult & Community Service	12,757	6,205	5,939	4,350	170
Children's Services	61,842	37,452	51,168	21,775	5,305
Environment & Housing General Fund	4,239	8,136	3,119	-	-
Resources	15,830	15,739	5,933	2,892	-
Capitalisation directive	2,510	3,000	3,000	3,000	-
General Fund	97,178	70,532	69,159	32,017	5,475
HRA	30,968	43,350	83,240	74,090	45,620
HRA Settlement	265,912	-	-	-	-
HRA Total	296,880	43,350	83,240	74,090	45,620
Total	394,058	110,937	157,819	106,107	51,095

The above table excludes other long term liabilities, such as PFI and leasing arrangement which already include borrowing instruments.

The table 2 summarises the above capital expenditure plans and how these plans will be financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Table 2: Capital Expenditure Financing Plans 2013 to 2016

Capital expenditure	2011/12	2012/13	2013/14	2014/15	2015/16
£'000s	Actual	Estimate	Estimate	Estimate	Estimate
General Fund	97,178	67,587	74,579	32,017	5,475
HRA	30,968	43,350	83,240	74,090	45,620
HRA Settlement	265,912	-	-	-	-
Total	394,058	110,937	157,819	106,107	51,095
Financed by:					
Capital Receipts	-	6,037	12,429	5,700	1,920
Capital Grants and Contributions	79,728	54,161	96,990	33,557	7,225
Revenue contributions	1,440	607	-	-	-
Capital Reserves	-	1,195	-	-	-
HRA Resources	7,638	33,850	42,260	45,250	41,950
Net financing need for the year	305,252	15,087	6,140	21,600	-

1.2 The Council's borrowing requirement (CFR)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

Table 3 sets out the CFR until 2015/16. The Council is asked to approve the CFR projections.

Table 3: Council's CFR 2012/13 to 2015/16

£'000s	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Capital Financing Requirement					
CFR – non housing	225,316	232,312	229,121	222,447	211,986
CFR – housing	260,122	260,122	260,122	277,649	277,649
Total CFR	485,438	492,434	489,243	500,096	489,635
Movement in CFR	333,384	6,996	-3,191	10,853	-10,461
Movement in CFR represented by					
Net financing need for the year (above)	340,324	15,087	6,140	21,527	-
Less MRP and other financing movements	-6,940	-8,091	-9,331	-10,674	-10,461
Movement in CFR	333,384	6,996	-3,191	10,853	-10,461

2. Affordability prudential indicators

The previous section covered the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

2.1 Actual and estimates of the ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report.

%	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
General Fund	6.56	6.90	9.78	11.29	10.81
HRA (inclusive of settlement)	-0.43	8.06	8.19	7.98	7.88

2.2 Estimates of the incremental impact of capital investment decisions on council tax (Band D)

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are

based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

£	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Council tax - band D	0.01	(0.03)	(0.01)	(0.01)	0.00

2.3 Estimates of the incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

Incremental impact of capital investment decisions on housing rent levels

£	2011/12 Actual	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Weekly housing rent levels	(0.01)	(0.03)	0.00	0.03	0.00

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

3. Treasury Indicators: Limits to Borrowing Activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates; and
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

	2013/14	2014/15	2015/16
Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	70%	70%	70%
<i>Limits on fixed interest rates:</i>			
• <i>Debt only</i>	100%	100%	100%
• <i>Investments only</i>	80%	80%	80%
<i>Limits on variable interest rates</i>			
• <i>Debt only</i>	70%	70%	70%
• <i>Investments only</i>	80%	80%	80%

Maturity structure of fixed interest rate borrowing 2013/14		
	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	40%
2 years to 5 years	0%	70%
5 years to 10 years	0%	70%
10 years and above	0%	100%

Maturity structure of variable interest rate borrowing 2013/14		
	Lower	Upper
Under 12 months	0%	40%
12 months to 2 years	0%	40%
2 years to 5 years	0%	70%
5 years to 10 years	0%	70%
10 years and above	0%	80%

4. Treasury Indicators: Limits to Borrowing Activity

4.1 The Operational Boundary

This is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational boundary £'000s	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Borrowing	326,000	372,000	394,000	394,000
Long term liabilities	58,000	57,000	55,000	53,000
Total	384,000	429,000	449,000	447,000

4.2 The Authorised Limit for external borrowing

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- 1) This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- 2) The Council is asked to approve the following Authorised Limit:

Authorised Limit £'000s	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Borrowing	434,000	432,000	445,000	436,000
Long term liabilities	68,000	67,000	65,000	63,000
Total	502,000	499,000	510,000	499,000

4.3 HRA CFR Limit

Separately, the Council is also limited to a maximum HRA CFR through the HRA self financing regime. This limit is currently:

HRA Debt Limit £'000s	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Total	277,649	277,649	277,649	277,649

5. Investment treasury indicator and limit

Total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 364 days £'000s	2012/13	2013/14	2014/15	2015/16
Principal sums invested > 364 days	50,000	50,000	50,000	50,000

Minimum Revenue Provision Policy Statement

- 1.1 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).
- 1.2 CLG regulations have been issued which require the full Council to approve a **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:
 - 1.2.1 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:
 - **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1).

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.
 - 1.2.2 From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:
 - **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3).
- 1.3 These options provide for a reduction in the borrowing need over approximately the asset's life.
- 1.4 There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).
- 1.7 Repayments included in annual PFI or finance leases are applied as MRP.
- 1.8 The MRP methodologies provided above are currently being reviewed by officers. Any change to the MRP methodology will be brought for agreement by Members later in the year.

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Annual Investment Strategy

1. Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime. The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. In accordance with the Code, the Divisional Director of Finance has produced its treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

1.1 Annual Investment Strategy

The key requirements of both the Code and investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non specified investments.
- The principles to be used to determine the maximum periods for investing funds;
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

1.2 Strategy Guidelines

The main strategy guidelines are contained in the body of the treasury strategy statement.

1.3 Specified Investments

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be

repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

- 1) The UK Government (such as the Debt Management Account Deposit Facility, UK Treasury Bills or a Gilt with less than one year to maturity).
- 2) Supranational bonds of less than one year's duration.
- 3) A local authority, parish council or community council.
- 4) Pooled investment vehicles with a high credit rating. This covers pooled investment vehicles, such as money market funds, rated AAA by the rating agencies
- 5) A body that is considered of a high credit quality (such as a bank or building society).

For category 5 this covers bodies with a minimum short term rating of F1 (or the equivalent) as rated by the three rating agencies

1.6 Non-Specified Investments

Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

Non Specified Investment Category	
a.	<p>Supranational Bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the UK Government (e.g. The Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>

b.	Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
c.	The Council's own bank if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible. The Council's current bankers are Lloyds TSB which currently is supported by the UK government.
d.	Any bank or building society that has a minimum long term credit rating of AA- or equivalent, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).
e.	Share capital or loan capital in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. There is a higher risk of loss with these types of instruments. This area is currently under consultation by the CLG and loan capital may not be deemed capital expenditure from 1 April 2012.
f.	Pooled property or bond funds – The use of these instruments will normally be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies.

Within categories c and d, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in these bodies. This criteria is set out in section 11.3 in the body of the report.

In respect of categories e and f, these will only be considered after obtaining external advice and subsequent Member approval.

1.7 The Monitoring of Investment Counterparties

The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Sector as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Divisional Director of Finance, and if required new counterparties which meet the criteria will be added to the list.

1.8 Use of External Fund Manager(s)

It is the Council's policy to use external fund manager(s) for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories, and are contractually committed to keep to the Council's investment strategy. The terms of the fund managers' investment policies are detailed in the investment mandate agreement. The performance of each manager is reviewed at least quarterly by the Divisional Director of Finance and the managers are contractually required to comply with the annual investment strategy

1.9 Credit Quality Criteria and Allowable Financial Instruments

The table on the following page sets out the credit quality criteria for counterparties and allowable financial instruments for Council investments:

Specified Investments: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

Counterparty / Financial Instrument	Minimum Credit Rating Criteria / Colour Band	Other Investment Criteria		Use	
		Maximum Duration	Counterparty Limit £m	In House	Fund Manager
Government Supported UK Bank Lloyds TSB: SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds	Blue	Up to 1 year	Lower of £40m or 40% of total investable cash	Y	Y
Government Supported UK Bank - RBS SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bonds	Blue	Up to 1 year	£30m	Y	Y
Other UK Banks & Building Societies * SIBA (Call) Accounts Term Deposits, CDs, Structured Deposits, Corporate Bond	Orange Red Green No Colour	Up to 1 year Up to 6 Months Up to 3 months Not for use	£20m	Y	Y
Multilateral Development Banks Corporate Bonds	AAA	12 months	£10m	Y	Y
Local Authorities: Term Deposits	High Security - not credit rated	12 months	£15m per authority	Y	Y
UK Government Treasury Bills Gilts DMADF	UK Sovereign Rating	N/A	N/A	Y N Y	Y Y Y
Money Market Funds	AAA	T+1	£15m per Manager	Y	Y
Managed Funds Gilt Funds/Bond Funds Collective Investment Schemes	Long Term rating for Fitch (AA), Moody's (Aa2), S&P (AA)	T+3	£15m	N Y	Y Y

Non-Specified Investments: These are any investments which do not meet the specified investment criteria and are held for longer than 365 days. A maximum of 40% will be held in aggregate in non-specified investment

	Minimum Credit Rating – Based on Fitch and S&P’s Ranking			Used By	Support Rating	Maximum Maturity Period	Maximum % of Total Council Investment
	Short-Term	Long-Term	Viability				
Term Deposits – Local Authorities (with maturity in excess of 1 year)	High Security – although not credit rated			In House		2 years	25%
Term deposits – Banks & Building Societies (with maturity in excess of 1 year, incl. structured products)	F1 or Equivalent	AA- or Equivalent		In-house	1	2 years	25%
Certificates of deposit issued by banks and building societies	F1 or Equivalent	AA- or Equivalent		Fund Managers	1	2 years	40%
UK Government Gilts with maturities in excess of 1 year	AAA			Fund Managers		3 years	40%
Pooled Funds (Various)	F1	AAA		Fund Managers			40%
Structured Deposits with variable rates and maturities (Callable & Flappable Deposits, range trades & snowballs)	F1	AAA	B	In-house	1	2 years	25%
Bonds issued by: Financial Institutions with explicit UK government guarantee Multilateral Development Banks	AAA			In-house and Fund Managers		3 years	40%
Sovereign Bond Issues (other than UK Government)	AAA			Fund Managers			
Bond Funds	AAA			Fund Managers			

Non-Specified Investments with Maturities of Any Period: From time to time in periods of volatile interest rates, the Council may invest in non-specified investments with variable rates and variable maturities:

Organisation	Minimum Credit Criteria	Use	Maximum Maturity Period & Limit
Local Authority mortgage guarantee scheme	AAA	Fund Manager In-house	5 years 25%

Key

Short Term Ratings F1 – Indicates the strongest capacity for timely repayment

Long Term Ratings A – Capacity for payment of commitments considered strong
 AA – Very strong capacity for payment of commitments
 AAA – Exceptionally strong capacity for payment of commitments

Individual Rating B – Strong organisation, no major concerns.
 C – Adequate organisation, some concerns regarding its profitability and Balance Sheet.

Support Rating 1 – There is an extremely high probability of external support.
 2 – High probability of external support
 3 – Moderate probability of support

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Approved countries for investments

Credit Rating as at 31 January 2013 - AAA

Australia
Canada
Denmark
Finland
Germany
Luxembourg
Netherlands
Norway
Singapore
Sweden
Switzerland
U.K.

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**Treasury Management Scheme of Delegation and
Section 151 Officer Responsibilities**

Treasury management scheme of delegation

(i) Full board/council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Boards/committees/council/responsible body

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

The treasury management role of the section 151 officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit; and
- recommending the appointment of external service providers.

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Economic Background

The Global economy

The Eurozone debt crisis has continued to cast a pall over the world economy and has depressed growth in most countries. This has impacted the UK economy which is unlikely to grow significantly in 2012 and is creating a major headwind for recovery in 2013. Quarter 2 of 2012 was the third quarter of contraction in the economy; this recession is the worst and slowest recovery of any of the five recessions since 1930. A return to growth @ 1% in quarter 3 is unlikely to prove anything more than a washing out of the dip in the previous quarter before a return to weak, or even negative, growth in quarter 4.

The **Eurozone sovereign debt crisis** has abated somewhat following the ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bailout. The immediate target for this statement was Spain which continues to prevaricate on making such a request (for a national bailout) and so surrendering its national sovereignty to IMF supervision. However, the situation in Greece is heading towards a crunch point as the Eurozone imminently faces up to having to relax the time frame for Greece reducing its total debt level below 120% of GDP and providing yet more financial support to enable it to do that. Many commentators still view a Greek exit from the Euro as inevitable as total debt now looks likely to reach 190% of GDP i.e. unsustainably high, unless the Eurozone were to accept a major write down of Greek debt. The possibility of a write down has now been raised by the German Chancellor, but not until 2014-15, and provided the Greek annual budget is in balance.

Sentiment in financial markets has improved considerably since this ECB action and recent Eurozone renewed commitment to support Greece and to keep the Eurozone intact. However, the foundations to this "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse.

The **US economy** has only been able to manage weak growth in 2012 despite huge efforts by the Federal Reserve to stimulate the economy by liberal amounts of quantitative easing (QE) combined with a commitment to a continuation of ultra low interest rates into 2015. Unemployment levels have been slowly reducing but against a background of a fall in the numbers of those available for work. The fiscal cliff facing the President at the start of 2013 has been a major dampener discouraging business from spending on investment and increasing employment more significantly in case there is a sharp contraction in the economy in the pipeline. However, the housing market does look as if it has, at long last, reached the bottom and house prices are now on the up.

Hopes for a broad based recovery have, therefore, focused on the **emerging markets**. However, there are increasing concerns over flashing warning signs in various parts of

the Chinese economy that indicate it could be in risk of heading for a hard landing rather than a gradual slow down.

The UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order, have now had to be extended in the autumn statement over a longer period than the original four years. Achieving this new extended time frame will still be dependent on the UK economy returning to a reasonable pace of growth towards the end of this period. It was important for the Government to retain investor confidence in UK gilts so there was little room for it to change course other than to move back the timeframe.

Currently, the UK is enjoying a major financial benefit from some of the lowest sovereign borrowing costs in the world as the UK is seen as a safe haven from Eurozone debt. There is, though, little evidence that consumer confidence levels are recovering nor that the manufacturing sector is picking up. On the positive side, growth in the services sector rebounded in Q3 and banks have made huge progress since 2008 in shrinking their balance sheets to more manageable levels and also in reducing their dependency on wholesale funding. However, availability of credit remains tight in the economy and the Funding for Lending scheme, which started in August 2012, has not yet had time to make a significant impact. Finally, the housing market remains tepid and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. Economic growth has basically flat lined since the election of 2010 and, worryingly, the economic forecasts for 2012 and beyond were revised substantially lower in the Bank of England Inflation quarterly report for August 2012 and were then further lowered in the November Report. Quantitative Easing (QE) was increased again by £50bn in July 2012 to a total of £375bn. Many forecasters are expecting the MPC to vote for a further round of QE to stimulate economic activity regardless of any near-term optimism. The announcement in November 2012 that £35bn will be transferred from the Bank of England's Asset Purchase Facility to the Treasury (representing coupon payments to the Bank by the Treasury on gilts held by the Bank) is also effectively a further addition of QE.

Unemployment. The Government's austerity strategy has resulted in a substantial reduction in employment in the public sector. Despite this, total employment has increased to the highest level for four years as over one million jobs have been created in the private sector in the last two years.

Inflation and Bank Rate. Inflation has fallen sharply during 2012 from a peak of 5.2% in September 2011 to 2.2% in September 2012. However, inflation increased back to 2.7% in October though it is expected to fall back to reach the 2% target level within the two year horizon.

AAA rating. The UK continues to enjoy an AAA sovereign rating. However, the credit rating agencies will be carefully monitoring the rate of growth in the economy as a

disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years.

Sector's forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains relatively fragile and whilst there is still a broad range of views as to potential performance, expectations have all been downgraded during 2012. Key areas of uncertainty include:

- the potential for the Eurozone to withdraw support for Greece at some point if the Greek government was unable to eliminate the annual budget deficit and the costs of further support were to be viewed as being prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment; the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that are unlikely to be achieved;
- the risk of the UK's main trading partners, in particular the EU and US, falling into recession ;
- stimulus packages failing to stimulate growth;
- elections due in Germany in 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.
- the potential for action to curtail the Iranian nuclear programme
- the situation in Syria deteriorating and impacting other countries in the Middle East

The focus of so many consumers, corporates and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.

Given the weak outlook for economic growth, Sector sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. The interest rate forecast in this report represents a balance of downside and upside risks. The downside risks have already been commented on. However, there are specific identifiable upside risks as follows to PWLB rates and gilt yields, and especially to longer term rates and yields: -

- UK inflation being significantly higher than in the wider EU and US causing an increase in the inflation premium in gilt yields
- Reversal of QE; this could initially be allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held
- Reversal of Sterling's safe haven status on an improvement in financial stresses in the Eurozone
- Investors reverse de-risking by moving money from government bonds into shares in anticipation of a return to worldwide economic growth
- The possibility of a UK credit rating downgrade (Moody's has stated that it will review the UK's Aaa rating at the start of 2013).

CABINET

12 February 2013

Title: Alcohol Strategy and Delivery Plan 2013-16	
Report of the Cabinet Member for Crime, Justice and Communities	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: Glynis Rogers, Divisional Director, Community Safety and Public Protection	Contact Details: Tel: 020 8227 2827 E-mail: Glynis.Rogers@lbbd.gov.uk
Accountable Divisional Director: Glynis Rogers, Divisional Director, Community Safety and Public Protection	
Accountable Director: Anne Bristow, Corporate Director, Adult and Community Services	
<p>Summary:</p> <p>Alcohol is a key issue in the Borough, not only in terms of health and well-being, but in terms of crime, disorder, and the local economy. This report introduces the final draft of the Community Safety Partnership's Alcohol Strategy & Delivery Plan for 2013-16. The report outlines the strategy, the local and national context within which it is being set, and the steps that have been taken to ensure that it is a partnership document.</p> <p>The overarching outcome of the Alcohol Strategy will be a reduction in alcohol-related harm. The key objectives in achieving this outcome are to deliver:</p> <ul style="list-style-type: none"> (a) a reduction in the number of hospital admissions for alcohol related illness for adults and young people; (b) a reduction in alcohol related offending and re-offending, including anti-social behaviour; (c) better support for parents in talking to their children about alcohol, by providing information and advice where appropriate. (d) a reduction in domestic and violent crimes; (e) a reduction in child neglect and emotional abuse as a result of alcohol misuse; and (f) an increase in the availability of targeted information for all. <p>It should be noted that the Alcohol Strategy will be reviewed once Public Health becomes a statutory function of the Council from 1 April 2013.</p>	
<p>Recommendation</p> <p>The Cabinet is recommended to endorse the Partnership's Alcohol Strategy & Delivery Plan 2013-16 attached at Appendix 1 for implementation by the Community Safety Partnership.</p>	

Reason(s)

The Borough's *Crime & Disorder Strategic Assessment 2012*, *Joint Strategic Needs Assessment* and *Health and Wellbeing Strategy* have all identified alcohol misuse as a key issue in Barking and Dagenham. The Council has also committed to improving residents' health and well-being and reducing crime and the fear of crime. Accordingly, the Community Safety Partnership has been steered to develop a bespoke strategy and delivery plan for tackling alcohol misuse and its effects over the next three years.

1. Introduction and Background

- 1.1 The Community Safety Partnership's (CSP) *Crime & Disorder Strategic Assessment 2012* identified that alcohol misuse is a key driver of crime and disorder in the Borough. Furthermore the Borough's *Joint Strategic Needs Assessment (JSNA)* and *Health and Wellbeing Strategy* also identify alcohol misuse as a factor in terms of the general health of local residents. The Council has also committed to improving residents' health and well-being and reducing crime and the fear of crime. Accordingly, working across agencies, both voluntary and statutory, the Community Safety Partnership has drawn up a bespoke Partnership strategy for tackling alcohol misuse and its effects over the next three years.
- 1.2 Social drinking is the consumption of alcohol without reaching the point of being drunk. It is drinking in a safe, legal and responsible manner, whilst allowing you to socialise. Most adults have tried alcohol at some stage of their lives and only a minority do so at levels that have adverse effects.
- 1.3 The Borough also understands that alcohol has an important socio-cultural place in the UK, with its production, and the associated entertainment industry, creating jobs and generating revenues in the form of alcohol taxes. It is estimated that the whole of the alcohol industry in 2009 directly employed 650,000 people and more than 1 million in the wider economy (GVA 2010). Consumer expenditure on alcoholic drinks is about £40.7 billion per annum.
- 1.4 However, it is a reality that some people do misuse alcohol which has an adverse impact on their health and wellbeing and on the community in which they live.
- 1.5 **What is alcohol misuse and how is it classified in Barking and Dagenham?**

Alcohol misuse is defined by the NHS as '*Drinking more than the recommended limits of alcohol consumption.*'

The Borough categorises alcohol misuse into three distinct areas - hazardous, harmful and dependant drinking. This is determined by the amount of alcohol which has been consumed:

- (a) **Hazardous drinking** is defined as when a person drinks over the recommended weekly limit of alcohol (21 units for men and 14 units for women). It is also possible to drink hazardously by binge drinking even if a person is within their weekly limit. A person who hazardously drinks may not yet suffer any health problems related to alcohol, but they are increasing their risk of experiencing problems in the future. Hazardous drinking, particularly

binge drinking also carries additional risks such as being involved in an accident or taking part in illegal or risky behaviour when drunk.

(b) **Harmful drinking** is defined as when a person drinks over the recommended weekly limit of alcohol and experiences health problems directly related to alcohol.

(c) **Dependant drinking** means that a person feels they are unable to function without alcohol, and this consumption becomes more important or sometimes the most important factor in their life. Depending on the level of dependence, a person can experience withdrawal symptoms if they suddenly stop drinking alcohol. Withdrawal can be both physical and psychological.

1.6 Alcohol misuse is costly, not just for individuals and their families but also to society, through unemployment, welfare benefits, health care costs, impact on the environment and housing support. The cost of problem drinking to society is estimated at £2.7 billion every year for health care costs alone. Alcohol misuse is also linked to a variety of community safety issues including crime and violence, anti-social behaviour, child neglect, public perception of rowdiness, and poor licensing control.

1.7 The Community Safety Partnership (CSP), which brings together the Council, Police, Probation, Fire Brigade, NHS, and community and voluntary organisations, provides the Borough's strategic lead in dealing with alcohol misuse. Within the CSP's sub-group tasking structure, responsibility for this lies with the Alcohol Alliance, chaired by the Borough Commander. The Partnership co-ordinates its response to tackling alcohol misuse through the Council's Community Safety Team and ASB Team, although its broad effects are dealt with by a range of teams, including Housing Tenancy Services, Environmental Health and Enforcement Services, Children's Services, Adult Social Care, primary and acute health services, and Public Health.

2. Local Context

2.1 Barking and Dagenham is a Borough with significant offending, anti-social behaviour issues, deprivation and health and social inclusion challenges. The JSNA analysis suggests that alcohol is a significant trigger for offending and anti-social behaviour.

2.2 Barking and Dagenham's average for both alcohol-attributable and -related hospital admissions for both males and females is significantly higher than the National/London average. The Borough also ranks higher than average for alcohol-attributable violent crimes.

2.3 There are an estimated 2700 binge drinkers and 5700 dependant alcohol users living in the Borough. Evidence suggests that 16-30 year olds are the most common alcohol offenders in the Borough. There has been a 136% increase in the amount of people accessing alcohol treatment in Barking and Dagenham over the last 3 years, from 273 in 2009/10 to 643 in 2011/12. This may be a result of better information being available about services as well as increasing levels of need for services.

- 2.4 Barking and Dagenham has 17 wards, 6 of which have been identified as particular binge drinking hotspot areas and the Borough has been ranked the 12th highest in London for binge drinking.
- 2.5 The Borough's last alcohol strategy, *Stronger Measures*, successfully raised awareness of inter-dependant alcohol-related harms throughout the Partnership, and has directly enabled, for the first time, a unified strategy that pulled together all alcohol-related issues. This new strategy also takes into account the commitments and progress already made and the challenging environment in which it is set.
- 2.6 Commitment to this strategy from partner organisations and stakeholders will enable continued multi agency working towards a reduction in the overall harm caused by alcohol in Barking and Dagenham.

3 Alcohol Strategy & Delivery Plan 2013-16

- 3.1 The Alcohol Strategy and Delivery Plan have been developed by the CSP's Alcohol Alliance Sub-Group: it is a Partnership document. Its final draft and delivery plan are attached at Appendix 1.

3.2 Strategic Objectives

The overarching aim of the strategy is to reduce alcohol-related harm. This will involve encouraging:

- (a) better health outcomes for people misusing alcohol;
- (b) a safer community with a reduction of victims of alcohol-related crime;
- (c) preventing young people from misusing alcohol; and
- (d) strong and resilient families that are able to meet their individual needs.

While this strategy addresses the negative impact that alcohol misuse can have on communities, it aims to support a vibrant night time economy.

3.3 Outcomes

In delivering against the plan, the Borough will see:

- (a) a reduction in the number of hospital admissions for alcohol-related illness for adults and young people;
- (b) a reduction in alcohol-related offending and re-offending, including anti-social behaviour (PI 16);
- (c) improving support for parents regarding talking to children about alcohol will be improved by providing information and advice where appropriate;
- (d) a reduction in domestic and violent crimes;
- (e) a reduction in child neglect and emotional abuse as a result of alcohol misuse; and
- (f) an increase in the availability of targeted information for all.

- 3.4 In order to deliver a reduction in alcohol-related harm, the Alcohol Alliance has proposed the following areas for targeted focus:

- (a) advice and information;
- (b) alcohol-related crime, domestic violence, and anti-social behaviour;
- (c) children, young people, and families;
- (d) Adults;
- (e) alcohol-related hospital admissions, treatment, and health;
- (f) licensing and alcohol retail; and
- (g) Alcohol: the economic impact.

Detailed action plans have been developed for each of these priority areas, and are attached from sections 13-19 in the Alcohol Strategy Delivery Plan at Appendix 1.

- 3.5 It should be noted that the Alcohol Strategy and Delivery Plan will be reviewed later in the year once Public Health becomes a statutory function of the Council from 1 April 2013.

4. Options Appraisal

- 4.1 The strategy and delivery plan are in their final draft. The Community Safety Partnership has asked all agencies to take the documents, in their final form, to their governing bodies asking them to endorse the strategy or make further recommendations prior to sign off by the CSP Responsible Authorities.
- 4.2 Cabinet have the option to approve or not to approve the document and, should they decide not to approve it, then either to reject it entirely or to request specific amendments. Not to approve an alcohol strategy, when the case for action on alcohol has been noted in a number of other previously-approved documents (the Joint Strategic Needs Assessment, the Health & Wellbeing Strategy and the Crime & Disorder Strategic Assessment amongst them) would raise the prospect of there being no statement of action on an issue of agreed importance.
- 4.3 Should Cabinet request substantial amendments to the document at this stage, it would need to return to the Community Safety Partnership for further work with partners and be re-presented for approval.

5. Consultation

- 5.1 The Alcohol Strategy was initially drafted by the Alcohol Alliance following analysis of local strategic assessments. Since this initial draft, the Strategy and Delivery Plan has been subject to widespread consultation and has been considered by relevant Portfolio Holders, internal Council Boards and also by the CSP, Health and Wellbeing Board and the Barking and Dagenham Safeguarding Children Board. Feedback from these groups has helped to shape the strategy.
- 5.2 The CSP signed off the final version of the Alcohol Strategy at their meeting on 10 December 2012.

6. Financial Implications

Implications completed by: Dawn Calvert, Group Manager, Adults & Children's Finance

- 6.1 In previous years, alcohol misuse was funded by the local authority core funding, contributions from the Department of Health's Pooled Treatment Budget and the Primary Care Trusts. From April 2013 there will be significant changes around these funding streams, primarily the abolishment of the Primary Care Trusts on 31 March 2013 and the introduction of the Public Health Grant to local authorities.
- 6.2 In addition, like many other councils, Barking and Dagenham faces significant budget challenges in the coming years and as a result, subsequent savings proposals have directly impacted on the Alcohol Strategy & Delivery Plan for 2013-16. The historical contribution of £165,000 by the local authority core funding towards the costs of detoxification, has been withdrawn for future years and it is expected that this service will have to be met by the NHS.
- 6.3 The post of Alcohol Co-ordinator (£42,600), previously funded by the local authority core funding, will be met from the Public Health Grant from 1 April 2013. This will not result in a reduction in service and the post holder will be able to continue the work of the alcohol strategy and the joint work to co-ordinate enforcement including licensing issues, a healthy alcohol economy, treatment and community.
- 6.4 The Public Health Grant for 2013/14 had been confirmed at £12.921m. Initial calculations suggest that the available alcohol misuse budget for 2013-14 will be in the region of £489,200. This will be funded by £105,500 of local authority core funding and the remaining £383,700 will be met from the Public Health Grant. The final Public Health budget for 2013/14 remains subject to approval. The strategy will have to be achieved within the budget for this service. The strategy would also include usage of a number of other Council services for example Housing and Tenancy Services, Environmental Health and Enforcement Services and Adult Social Care.
- 6.5 Moving forward to 2013-14 and beyond, it needs to be noted that there is no guarantee that future funding for alcohol misuse will be in line with those previously received.

7. Legal Implications

Implications completed by: Shahnaz Patel, Senior Solicitor Safeguarding

- 7.1 There are no legal implications with regards to the Alcohol Strategy and Delivery Plan 2013-16.

8. Other Implications

- 8.1 **Risk Management** - There is no legal obligation upon the Council or its partners to have an Alcohol Strategy. However, leaving alcohol abuse unaddressed poses a significant reputational risk to the Council and the broader Partnership: the effects of alcohol abuse, such as crime and anti-social behaviour, create a disordered environment that sends the signal that alcohol abuse can be engaged with without

repercussions. This bespoke Alcohol Strategy provides a focus for the work in this area and allows the Council and its partners to monitor our performance against agreed indicators.

- 8.2 **Contractual Issues** - The Alcohol Strategy raises no immediate contractual issues, and any arising from services proposed within the Strategy would be subject to separate reports as per the Council's constitutional requirements.
- 8.3 **Staffing Issues** - The strategic aims contained within the Strategy are to be delivered within existing Council and Partnership resources.
- 8.4 **Customer Impact** - The latest *Alcohol Needs Assessment* (2010) highlights inequalities in relation to gender, whereby males are over represented in alcohol services as well as older people accessing treatment services. 4.6% of adults who accessed alcohol treatment during 2009/10 were aged 60 or over, although there is a suggestion their overall consumption is generally lower, the treatment figures still suggest that this age group are not accessing treatment in the community in the proportion that may be expected. The assessment also identifies differences in consumption levels and frequency across various wards in the Borough.

The implementation plan details actions that are set against target indicators so that performance can be identified and monitored and remedial action taken if necessary. There is an acknowledged lack of data on many aspects of alcohol misuse in the borough, which is why the strategy makes improving data a priority: further work will take place with the Community Alcohol Team to establish how alcohol is used and consumed within different cultures, and the results taken into account in following action plans.

- 8.5 **Safeguarding Children** – The Alcohol Strategy addresses implications around safeguarding children by including a specific theme with regards to working with 'Troubled Families' and to improve the support given to families with alcohol-related needs. One of the objectives of the Strategy itself is to see a reduction in child neglect and emotional abuse as a result of alcohol misuse.

The Strategy also acknowledges the role of the respective safeguarding boards for vulnerable adults and children and connects strongly with the priorities within the Health and Wellbeing Strategy 2012 which has a specific theme around safeguarding and protection.

In terms of the agencies delivering the Alcohol Strategy, there are robust referral pathways between substance misuse services and the local safeguarding team and social services. All staff in adult substance misuse treatment services is qualified to recognise child protection issues and it is explained to service users when confidentiality has to be broken.

All agencies commissioned to work with adults and young people are aware of LBBB safeguarding procedures and must adhere to incident reporting as part of their contractual obligations.

- 8.6 **Health Issues** – It is a reality that the misuse of alcohol has an adverse impact on an individual's health and an impact adversely on family, friends and the community. As outlined above, within Barking and Dagenham both alcohol-attributable and -related hospital admissions for both males and females is

significantly higher than the National/London average. Alcohol related hospital admissions are highest among young couples with prosperous lifestyles, who make up 11% of the households in the Borough. One of the objectives of the strategy is to see a reduction in the number of hospital admissions for alcohol related illness for adults and young people. However, the overarching aims of the Alcohol Strategy are to produce better health outcomes for those who misuse alcohol and to reduce alcohol-related harm.

- 8.7 **Crime and Disorder Issues** – Section 17 of the Crime and Disorder Act 1998 requires local authorities to integrate consideration of the impact on crime and disorder of any decision, policy, activity or strategy that it performs. The authority is required to ensure that there is no negative impact on crime and disorder of any such decisions. While a discrete Alcohol Strategy is not a statutory requirement, it will improve community safety and increase confidence in the Partnership: there are no negative impacts arising from this strategy.

Background Papers Used in the Preparation of the Report:

A list of linked and associated reports, strategies and research documents are contained within the draft strategy.

In particular, the following are relevant:

- (a) Partnership: Crime and Disorder Strategic Assessment 2012
- (b) Partnership: Health & Well Being Strategy and Joint Strategic Needs Assessment
- (c) National Harm Reduction Strategy for England
- (d) LBBB Housing Strategy 2012-17
- (e) LBBB Anti-Social Behaviour Strategy 2012

List of Appendices:

Appendix 1: Alcohol Strategy and Delivery Plan 2013-16

Barking and Dagenham Alcohol Strategy

2013 – 2016

DRAFT



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Introduction

1

Barking and Dagenham Council's vision is to encourage growth and unlock the potential of the Borough's residents. In achieving this, the Council has four clear aims:

- **Ensure every child is valued so that they can succeed;**
- **Reduce crime and the fear of crime;**
- **Improve health and well-being through all stages of life; and**
- **Maximise growth opportunities and increase the household income of Borough residents.**

Addressing alcohol misuse is key to achieving these aims. Alcohol is also a priority of the NHS, the Police, and other partners. In keeping with this shared priority, the Community Safety Partnership has developed an Alcohol Strategy and Delivery Plan.

By co-operatively tackling alcohol misuse, the Partnership will work towards achieving the Council's vision.

The key outcomes of this strategy are :

- **Better health outcomes for people misusing alcohol**
- **A safer community with a reduction in victims of alcohol related crime**
- **Preventing young people from drinking alcohol**
- **Strong and resilient families that are able to meet their individual needs**

This strategy sets out how the Alcohol Alliance will achieve these goals.

Drinking alcohol is a traditional part of many human cultures and has been since the Neolithic era over 10 thousand years ago, when early humans consumed fermented fruit for its pleasurable mind-altering effects.

Social drinking is the consumption of alcohol without reaching the point of being drunk. It is drinking in a safe, legal, and responsible manner, whilst allowing you to socialise. Most adults have tried alcohol at some stage in their lives and only a minority do so at levels that have adverse effects.

Alcohol has an important and socio cultural place in the UK, as it creates jobs and generates revenues in the form of alcohol taxes.

According to the Gin and Vodka Association, it is estimated that the whole of the alcohol industry in 2009 directly employed 650,000 people and more than 1 million in the wider economy (GVA, 2010).

Consumer expenditure on alcoholic drinks is about £40.7 billion per annum.

It is a reality though that some people do misuse alcohol which has an adverse impact on their health and wellbeing and on the community in which they live.

Whilst we recognise there is also no traditional night time economy in the Borough, this means the issues are more complex, and much of our work in this sector will focus on supporting businesses in responsible off-sales.

This strategy acknowledges the safeguarding of adults and young people with a variety of vulnerabilities and aims to coordinate local responses to this client group using a 'whole families' approach.

This strategy aims to support a vibrant night-time and licensing economy whilst recognising and addressing the negative impact that alcohol misuse can have on communities.

Foreword

2

The Borough's last alcohol strategy, *Stronger Measures*, successfully raised awareness of inter-dependant alcohol related harms throughout the Partnership, and has directly enabled, for the first time, a unified strategy that pulled together all alcohol related issues. This new strategy also takes into account the commitments and progress already made and the challenging environment in which it is set.

Commitment to this strategy from partner organisations and stakeholders will enable continued multi agency working towards a reduction in the overall harm caused by alcohol in Barking and Dagenham. There is also a continued commitment to creating a healthy and vibrant community where people are able to make positive choices about their drinking.

Many of our residents enjoy drinking alcohol socially and responsibly with their friends and family in homes and pubs in the Borough. However, it's a reality that some people do misuse alcohol, to the detriment of themselves, their family, and the community. We have around 1,000 alcohol-related ambulance call outs every year in the Borough, which is higher than the national average. This strategy sets out to reduce the harm caused by alcohol and will seek to:

- Reduce alcohol related hospital admissions;
- Reduce crime, particularly violence;
- Help families through information and advice; and
- Reduce disorder.

I am pleased that the Partnership is pooling its resources to address this issue.



Councillor Jeanne Alexander
Cabinet Member for Crime, Justice and Communities

Outcomes

3

The key outcomes from the delivery of this strategy in 2016 will be:

1. Better health outcomes for people misusing alcohol.
2. A safer community with a reduction of victims of alcohol related crime.
3. Preventing young people from misusing alcohol.
4. Strong and resilient families that are able to meet their individual needs.

Definition of alcohol misuse 4

Alcohol misuse is defined as:

Drinking more than the recommended limits of alcohol consumption (NHS)

Alcohol misuse is linked to a variety of community safety issues including crime and violence, ASB, child neglect and emotional abuse, public perception of rowdiness and licensing.

Dual Diagnosis is the term used to describe the condition of someone who is considered to have mental health as well as substance abuse problems. One of the main difficulties of dual diagnosis is identifying the main presenting issue. The complexity of issues makes diagnosis, care and treatment much more difficult.

There are three main types of alcohol misuse – hazardous, harmful and dependant drinking. This is determined by the amount of alcohol which has been consumed

Hazardous Drinking

Hazardous drinking is defined as when a person drinks over the recommended weekly limit of alcohol (21 units for men and 14 units for women).

It is also possible to drink hazardously by binge drinking even if you are within your weekly limit.

If you are drinking hazardously you may not yet have any health problems related to alcohol, but you are increasing your risk of experiencing problems in the future.

Hazardous drinking, particularly binge drinking also carries additional risk such as:

- Being involved in an accident
- Being involved in an argument or fight.
- Taking part in illegal or risky behaviour when drunk, such as drink driving.

Harmful Drinking

Harmful drinking is defined as when a person drinks over the recommended weekly limit of alcohol and experiences health problems directly related to alcohol.

In some cases the problem may be obvious such as:

- Depression
- An alcohol related accident, such as a head injury.
- Acute pancreatitis (inflammation of the pancreas)

Often many of the health problems that occur as a result of harmful drinking do not cause any symptoms until they are at their most serious stages. These include:

- Hypertension (High blood pressure)
- Some types of cancer
- Cirrhosis
- Heart disease

Dependant Drinking

Being dependant on alcohol means the person feels they are unable to function without alcohol, and this consumption becomes more important or sometimes the most important, factor in their life.

Depending on the level of dependence, a person can experience withdrawal symptoms if they suddenly stop drinking alcohol. Withdrawal can be both physical and psychological. Physical symptoms include:

- Sweating
- Nausea
- Tremors (Hand Shaking)
- Visual hallucinations (seeing things that are not really there)
- Fits and seizures (in the most serious cases)

Physiological withdrawal symptoms include:

- Depression
- Irritability
- Restlessness
- Insomnia (difficulty sleeping)
- Anxiety

Links to other strategies and plans 5

There are a number of national, regional, and local documents that have influenced the development of Barking and Dagenham's Alcohol Strategy. These are identified as follows:

National Policy and Strategy Documents	Regional Policies, Strategies and Plans	Local Policies, Strategies and Practices
<p>This strategy reflects the themes of the Government's recently published Alcohol Strategy (March 2012), as well as the National Harm Reduction Strategy for England and has been supported by our latest Alcohol Needs Assessment (2010).</p> <p>Other relevant national strategies include;</p> <p>Improving Outcomes and Supporting Transparency: a Public Health outcomes framework for England, 2013-2016 (Department of Health, 2012)</p> <p>Healthy Lives, Healthy People: Our strategy for public health England (Department of Health White Paper, 2010)</p> <p>New Horizons - a shared Vision for Mental Health (Department of Health, December 2009)</p>	<p>London Health Improvement Board (LHIB)</p>	<p>Health and Wellbeing Strategy (Barking and Dagenham Partnership)</p> <p>Barking and Dagenham Joint Strategic Needs Assessment</p> <p>Children and Young People's Plan (LBBD)</p> <p>Older People's Strategy (LBBD)</p> <p>Community Cohesion Strategy (Barking and Dagenham Partnership)</p> <p>Safeguarding Adults Board Strategy (Barking and Dagenham Partnership)</p> <p>Licensing Policy (LBBD)</p> <p>Housing Strategy 2012-17 (LBBD)</p> <p>Troubled Families Programme 2012</p> <p>Anti-Social Behaviour Strategy 2012</p>

Principles of this strategy 6

This strategy's priorities and actions for alcohol are based on the following fundamental principles;

- There should be opportunities for everyone to have access to drug or alcohol treatment and support, whether it is for their own use or somebody else's.
- Ensuring resources are used to commission the best range of evidence based treatment and social care programmes for residents.
- Continuing to ensure the work we are doing to address alcohol related crime and disorder is clear and transparent to the community
- There is effective consultation with individuals, groups, and the wider population in the development of programmes and initiatives designed to tackle alcohol and its associated risks within the borough.
- That a customer centred approach is taken when delivering services as well as a focus on creating a knowledgeable community and skilled workforce in relation to alcohol.
- That evaluation and monitoring against objectives are key elements of all initiatives, and of the overall strategy.
- That effective partnership-working is fundamental to the delivery of services to reduce alcohol related crime, violence, and hospital admissions.
- That the Partnership's services are always good value for money.



Local Context

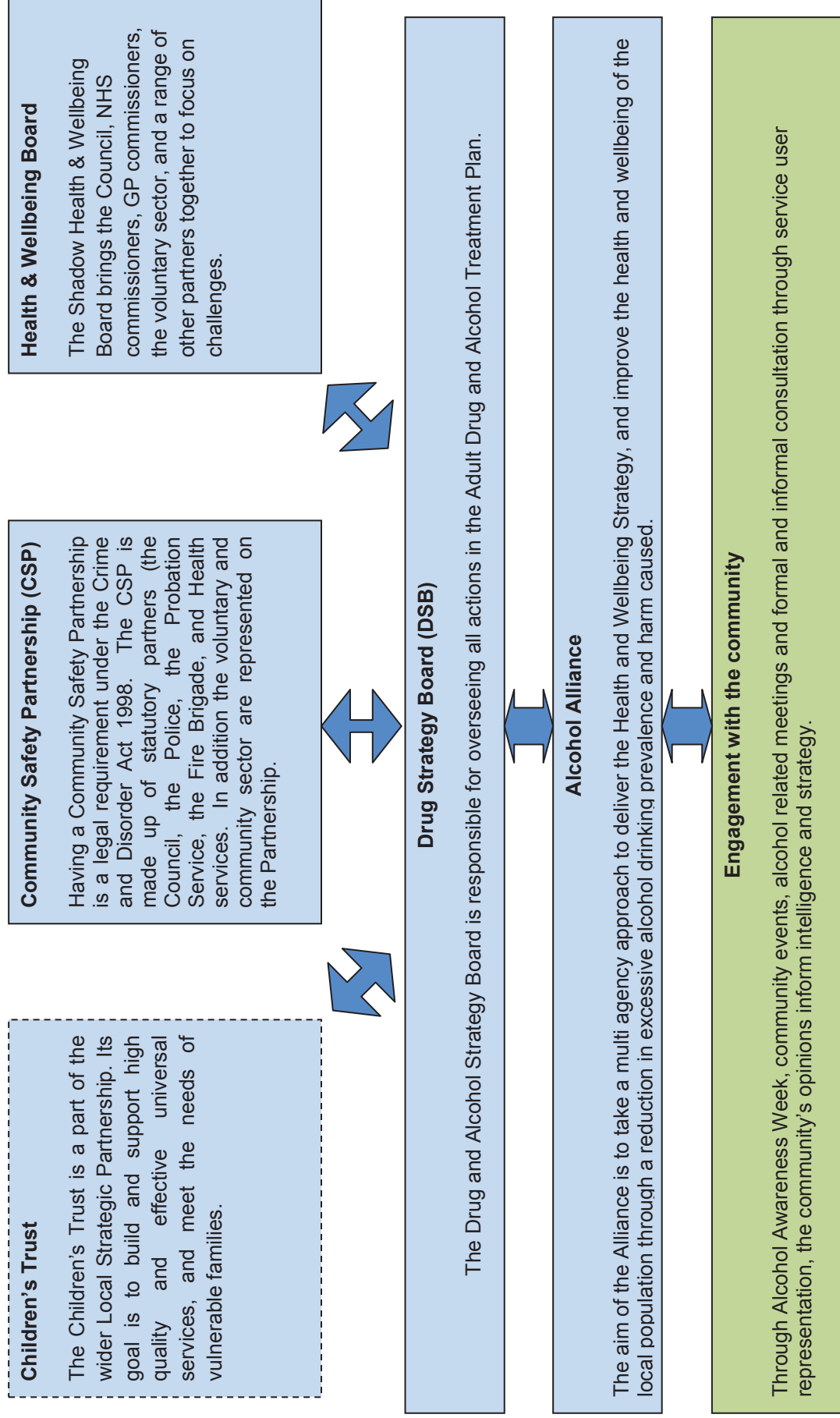
7

- Barking and Dagenham is a borough with significant offending, anti social behaviour issues, deprivation and health and social inclusion challenges. There is a strong business case to suggest that alcohol is a significant trigger for offending and anti social behaviour.
- Barking and Dagenham is at the heart of the Thames Gateway and is a borough with an expanding and changing population. The population of the borough is one of the fastest growing in the country and across London, placing great pressures on early education, school places and all other services.
- It has a resident population of approximately 57,000 children and young people aged 1-19, representing over 30 percent of the population. The rise in numbers of children aged under 5 is particularly high, increasing from just over 12,119 in 2001 to the 2012 GLA projected level of over 18,215, representing a 50% increase.
- Alongside population increase, the borough has experienced a significant increase in the diversity of the population. 62% of school pupils are from ethnic minority communities and over a third (38%) speak English as a second language, with over 100 different languages spoken (School Census 2012).
- Evidence suggests that 16 - 30 year olds are the most common alcohol offenders in the borough.
- There are an estimated 2700 binge drinkers and 5700 dependant alcohol users living in the borough.
- Mortality from chronic liver disease is higher than in women nationally and regionally. The rate for women in Barking and Dagenham is significantly higher than anywhere else in Outer North East London or the London and England average.
- Barking and Dagenham is significantly higher than the National/London average for alcohol attributable and related hospital admissions for both males and females. We also rank higher than average for alcohol attributable violent crimes.
- There are around 1000 alcohol related ambulance call outs in Barking and Dagenham every year. The age breakdown for the call outs shows the highest proportion is to the 20-44 and the over 65 age group. In the last year there has been an steady increase in the amount of 65+ accessing treatment .As the availability of alcohol (in particular online) becomes easier, we anticipate a further increase in older people needing targeted alcohol interventions.
- Barking and Dagenham has however consistently reduced overall adult re offending and is one of the few London boroughs to reduce crime in 2010/11.
- There has been a 136% increase in the amount of people accessing alcohol treatment in Barking and Dagenham over the last 3 years, from 273 in 2009/10 to 643 in 2011/12. This may be because of better information about available services and increasing levels of need for services.
- Barking and Dagenham has a borough wide DPO (Designated Public Protection Order) in place which came into effect on 24 March 2010. These orders give police special powers to deal with rowdy drunks in public by confiscating their drinks.
- Within services working with vulnerable adults, there is a significant cohort of people with substance misuse needs who continue to come to the attention of adult social care.
- According to a 2009 place survey for the borough, 45.5 per cent of residents felt that drunk and rowdy behavior in public was a problem.
- Barking and Dagenham ranks 12th highest in London for binge drinking.
- Barking and Dagenham has 17 wards, 6 of which have been identified as particular binge drinking hotspot areas.

Governance Arrangements: 8

How we are structured

The diagram below sets out the framework within which the Alcohol strategy will be delivered.



Monitoring, Evaluation, and Review 9

Like all strategies, success depends on regular and robust monitoring and review to ensure that the intended outcomes are being achieved and action is taken to address service failings, or any other problems that arise.

Throughout the life of this strategy the monitoring, evaluation, and review will be undertaken by the Alcohol Alliance, which will answer to the Community Safety Partnership (CSP). The CSP is a multi-agency board consisting of the Council, the Police, the Probation Service, the Fire Brigade, Health services, and third sector organisations who work to reduce crime and disorder in the Borough.

Alcohol Alliance

The group's role is:

- To drive and monitor the work of the borough's Alcohol Programme Plan
- To be responsible for the development continued updating and presentation of the Alcohol Strategy and delivery plan and linked policies and procedures.
- To monitor all target measures under the remit of the CSP related to alcohol.
- To bring together all agencies involved in working with the effects of alcohol on individuals, families, and communities. It creates a structure to enable partnership working using a coordinated approach to this priority issue.
- To implement the borough's alcohol strategy, which sets out actions to ensure alcohol is being used responsibly and where harm and crime is associated effects are responded to swiftly
- To meet bi monthly to evaluate and monitor progress against agreed delivery plan targets. The alliance is a strategic group and includes representation from Licensing, Children's Services, Probation, Adult and Community Services, Treatment Providers, Public Health, Police and Commissioners. The Alcohol Alliance is chaired by the Metropolitan Police Barking and Dagenham Borough Commander.

Drug Strategy Board

The Drug Strategy Board:

- is responsible for the development of the LBBB Drug Strategy
- will ensure the Integrated Adult and Young People Substance Misuse Treatment Plan is being delivered
- will ensure budgetary control and value for money
- will escalate issues to the CSP and Health and Wellbeing Boards where necessary
- is responsible for performance monitoring of commissioned services and strategy targets

Process

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This strategy draws on several national, regional, and local strategies and plans.

The priorities and actions set out in the strategy improvement action plan have been developed by the Alcohol alliance

The priorities were selected following consultation with stakeholders from February to October 2012.

The public have been consulted through events such as the Town Show, Alcohol Awareness Week 2011 and targeted consultations as part of the needs assessment process. The public's feedback and views have been taken into consideration in the preparation of this document.

Equality and Diversity

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Equality is about making sure people are treated fairly and are given fair chances. Equality is not about treating everyone in the same way, but it recognises that their needs are met in different ways. Diversity is about valuing individual difference. A diversity approach aims to recognise value and manage difference to enable all to contribute and realise their full potential. There is a commitment to working with all members of LBBDD diverse communities and understanding the prevalence and impacts of alcohol on specific groups. We will use a range of communication approaches to ensure all groups are offered equal access to alcohol services.

A full Equalities Impact Assessment has been undertaken as part of the recent Alcohol Needs Assessment. The latest Alcohol Needs Assessment (2010) highlights inequalities in relation to gender, whereby males are over represented in alcohol services as well as older people accessing treatment services. 4.6% of adults who accessed alcohol treatment during 2009/10 were aged 60 or over, although there is a suggestion their overall consumption is generally lower, the treatment figures still suggest that this age group are not accessing treatment in the community in the proportion that may be expected. The assessment also identifies differences in consumption levels and frequency across various wards in the Borough.

The delivery plan details actions that are set against target indicators so that performance can be identified and monitored and remedial action taken if necessary. There is an acknowledged lack of data on many aspects of alcohol misuse in the borough, which is why the strategy makes improving data a priority.

Further work will take place within the Community Alcohol Team to establish how alcohol is used and consumed within different cultures. An accurate assessment of both service needs and consumption of the local population involves ensuring there is an adequate understanding of equality and diversity issues in relation to alcohol harm.

The Purpose of this Strategy 12

<p>Outcome</p>	<p>Reduction in Alcohol Related Harm</p>
<p>Vision</p>	<p>A Borough where people choose to drink alcohol in a safe and responsible manner to prevent as much harm as possible. Where harm from the effects of alcohol does occur, we will aim to respond quickly.</p>
<p>Focus Areas</p>	<p>Objectives</p>
<ol style="list-style-type: none"> 1. Advice and Information 2. Alcohol Related Crime, Domestic Violence and ASB 3. Children, Young People and Families 4. Adults 5. Alcohol Related Hospital Admissions, Treatment and Health 6. Licensing and Alcohol Retail 7. Alcohol : The Economic Impact 	<p>By 2016 we will have achieved the following:</p> <ol style="list-style-type: none"> 1. A reduction in the number of hospital admissions for alcohol related illness for adults and young people. 2. A reduction in alcohol related offending and re offending including ASB (PI 16). 3. Better support for parents on talking to their children about alcohol, by providing information and advice where appropriate. 4. A reduction in domestic and violent crime. 5. A reduction in child neglect and emotional abuse as a result of alcohol misuse. 6. An increase in the availability of targeted information for adults including older people.

Barking and Dagenham Alcohol Strategy 2013 – 2016

Delivery Plan

DRAFT



Focus Area One: Advice and Information 13

Evidence of Good Practice

Delivery of Information and Brief Advice Training (IBA)

Information and Brief Advice is the process of identifying people who may have alcohol issues and then taking action to raise awareness and encourage change.

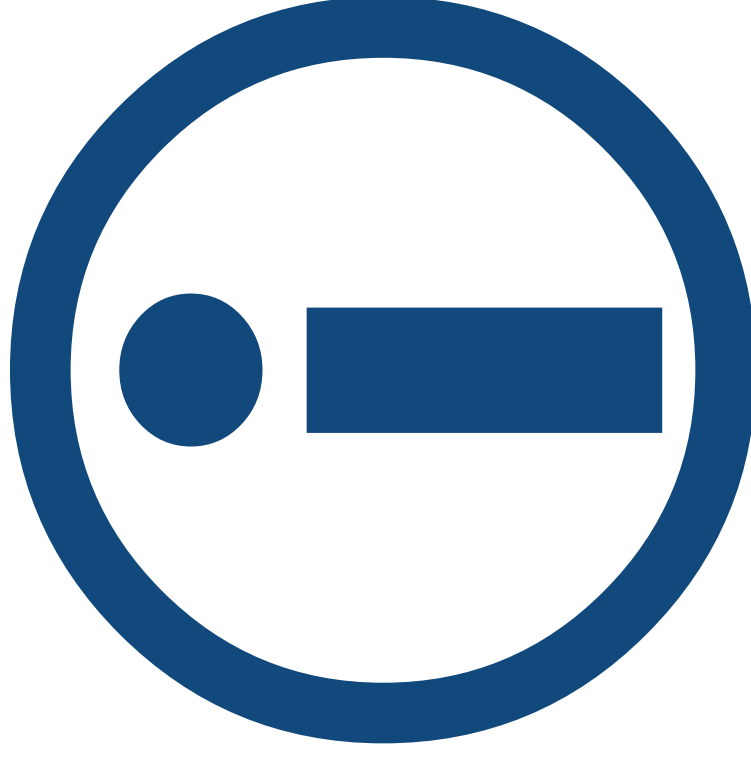
KCA who provide community alcohol services in the borough, began delivering IBA to frontline practitioners in February 2010. The projects intention was to train a minimum of 100 staff across the borough by February 2011. The trainings aim was to improve the screening and detection of hazardous, harmful drinking amongst local people and enable staff to deliver brief interventions.

The project has trained staff from a variety of settings and last year achieved the following:

- Training delivered to 8 teams consisting of 132 individuals
- Teams were made up of youth workers, Children's Centre staff, Treatment providers, Looked After Children workers and Adult Social Care.
- Obtained sign up for 11 further teams during November 2011 and March 2012.

How we will develop

To ensure the longevity of the project we will seek to deliver training for trainers to 20 staff. This will consist of a 1 or 2 day programme depending on experience of trainee, and will allow staff to deliver IBA training in a variety of settings as well as providing a range of basic interventions.



FOCUS AREAS	ACTION	SUCCESS MEASURES	BY WHEN	LED BY
1.1 Alcohol screening and Brief interventions training for frontline public and private sector staff	1.1.1 Raise awareness and increase delivery of Brief Interventions.	1.1.1 Community Alcohol Team to deliver a minimum of 12 targeted sessions per year (1 per month) to be targeted to priority linked departments and services.	1.1.1 April 2013	1.1.1 Adele Shepherd CAT team
	1.1.2 Increase referrals from targeted services.	1.1.2 10% increase on baseline.	1.1.2 December 2014	1.1.2 Adele Shepherd CAT team
	1.1.3 Promote the use of the Government's Change for Life alcohol calculator and entire campaign materials.	1.1.3 Increase in the number of self referrals to alcohol treatment services.	1.1.3 February 2014	1.1.3 Adele Shepherd CAT / Paul Starkey Health
1.2 Alcohol related data and information systems	1.2.1 Develop mechanism and system for obtaining frequent data on alcohol related hospital admissions.	1.2.1 Frequent availability of local alcohol related hospital data.	1.2.1 April 2014	1.2.1 Linda Bailey Public Health
		1.2.2 Utilise data from young person's A+E worker for young people's alcohol related and specific admissions.	1.2.2 April 2014	1.2.2 Linda Bailey Public Health
1.3 Utilise available data and information to further develop alcohol services	1.3.1 Consider feasibility of using Alcohol Systems Model when the Community Alcohol Service is tendered.	1.3.1 Undertake a programme of redesign for Alcohol Treatment Services.	1.3.1 April 2014	1.3.1 Christianah George Adult Commissioning
		1.3.2 Consider increased funding for Community Alcohol Team to address the increased demand for services.	1.3.2 April 2014	1.3.2 Christianah George / Linda Bailey Public Health

FOCUS AREAS	ACTION	SUCCESS MEASURES	BY WHEN	LED BY
1.4 Information on alcohol related injuries	1.4.1 Work with BHRUT hospitals to share non confidential information on alcohol related injuries with the Police.	1.4.1 Establish assault data collections systems in emergency departments.	1.4.1 September 2013	1.4.1 Andy Ewing Police
		1.4.2 Agreed protocols for sharing information.	1.4.2 September 2013	1.4.2 Andy Ewing Police
		1.4.3 Ensure information is used to plan prevention and Enforcement activity.	1.4.3 April 2014	1.4.3 Sonia Drozd DAAT

Focus Area Two: Crime, Domestic Violence, and Anti-Social Behaviour

14

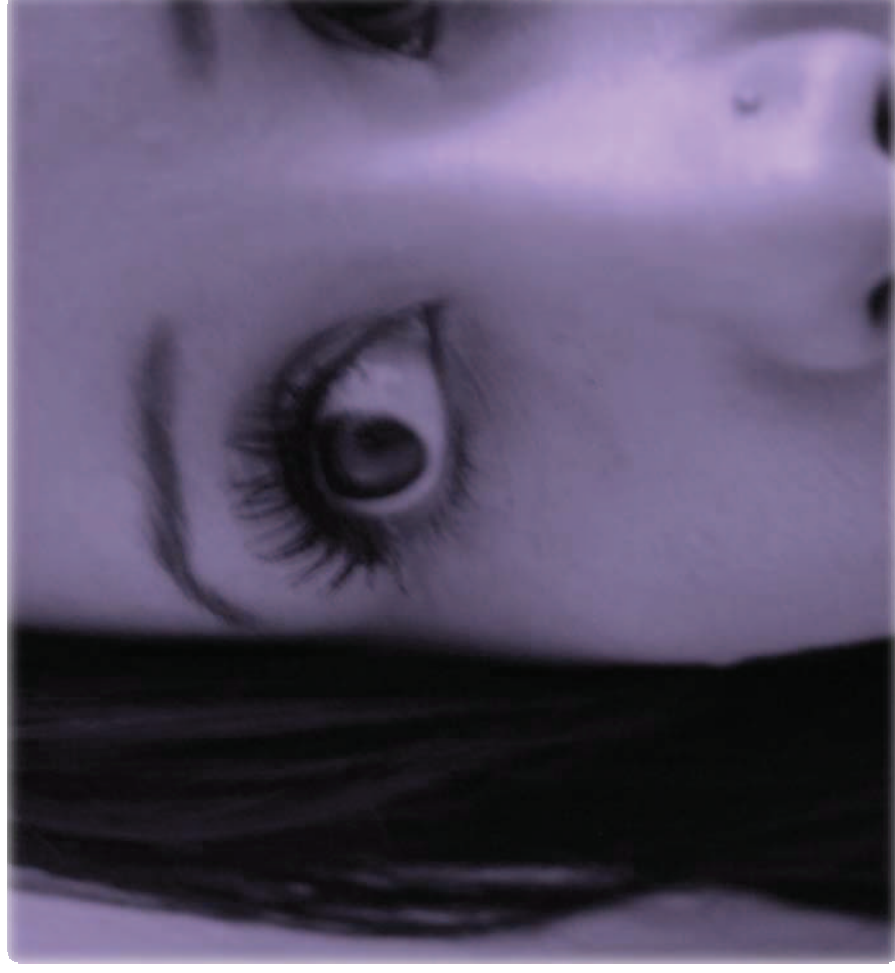
Examples of Good Practice

During 2011/12, Barking and Dagenham Alcohol Alliance were awarded funding from the Greater London Authority Community Safety Fund to develop our work around alcohol as a driver for offending. As a pilot for the Rehabilitation Revolution and as a specific project for our approach to Integrated Offender Management, we intended to review our overall capability and the way our local system works in relation to how we managed alcohol related offenders in the community.

In June 2012 a full time Alcohol and Offending Outreach Officer was employed (as a one year pilot) to target individuals who are treatment naive or disengaged from treatment and who's offending and/or anti social behaviour is linked to their alcohol abuse. The dedicated worker works closely with the ASB team and works with clients to sign up to acceptable behaviour agreements (ABA) as a measure that reduces anti-social behaviour, but with the option to progress with an anti-social behaviour order for those who do not meet identified goals in terms of behavioural compliance. The officer liaises with community auditors to gather intelligence and evidence improvements to support either the avoidance of ASBOs or evidence to support the progression to enforcement where necessary.

How we will develop

We will seek to secure funds to continue to utilise this unique and specialist pilot role.



FOCUS AREAS	ACTIONS	SUCCESS MEASURES	BY WHEN	LED BY
2.1 Clients with alcohol related anti social behaviour and criminogenic needs	2.1.1 Identify persistent offenders whose alcohol use is contributing to their offending behaviour and ensure help is offered to them to break this link.	2.1.1 Increase the number of alcohol crime and ASB related offenders accessing treatment programmes.	2.1.1 December 2013	2.1.1 Sonia Drozd DAAT
		2.1.2 Increase in referrals to and from the newly recruited Alcohol and Offending Outreach worker.	2.1.2 September 2013	2.1.2 CRI Alcohol Outreach
2.2 Alcohol related anti-social behaviour	2.2.1 Treatment services to increase engagement at community cohesion events.	2.2.1 Increase awareness of local treatment agencies available and pathways to access them.	2.2.1 December 2013	2.2.1 Adele Shepherd CAT team
	2.2.2 Safer neighbourhood's teams alongside CAT, to deliver targeted outreach in identified alcohol hotspot areas surrounding Barking Town Centre and other hotspot areas.	2.2.2 Continue to reduce the public's perception of alcohol related ASB.	2.2.2 December 2014	2.2.2 Adele Shepherd CAT team / Cara Tribe CRI
	2.2.3 Police to continue to play a preventative role by focusing targeted Efforts to reduce specific alcohol-related ASB	2.2.3 Continue the Use of proactive visible policing.	2.2.3 April 2014	2.2.3 Andy Ewing - Police
	2.2.4 Ensure the work we are doing to address alcohol and its effects is Clear and transparent to the public.	<ul style="list-style-type: none"> Introduce a new Police team to tackle crime and Alcohol related ASB on estates. Continue use of the local media. Increase use of social media To engage with the local community 	<ul style="list-style-type: none"> April 2014 	<ul style="list-style-type: none"> Andy Ewing Police

FOCUS AREAS	ACTIONS	SUCCESS MEASURES	BY WHEN	LED BY
2.3 Monitoring and evaluation of alcohol related ASB	2.3 Explore more effective data recording systems for the DPPO (Borough wide alcohol control zone).	2.3.1 Develop searchable system for alcohol related seizures to allow for more effective recording and monitoring. <ul style="list-style-type: none"> • Feedback to probation and link to offenders. • Continue to utilise data from Police Public attitudes survey for future planning. 	2.3.1 December 2013	2.3.1 Andy Ewing Police
2.4 Alcohol related crime and offending	2.4 Maintain and develop high level partnership work to manage alcohol related crime and offending. 2.4.2 Consider an outreach pilot service that targets offenders arrested where alcohol has been a factor.	2.4.1 Develop alcohol and offending conference to highlight priorities and concerns as well as share good practice with partners <ul style="list-style-type: none"> • Consider collating data on alcohol related arrests via Police Custody Nurses. • Establish feedback mechanisms to the courts to update on offender compliance to inform future sentencing. 2.4.2 Seek to engage alcohol offenders into treatment and target them for enforcement through Integrated Offender Management	2.4.1 September 2013 <ul style="list-style-type: none"> • September 2013 • September 2015 2.4.2 April 2014	2.4.1 Sherine Howell/ Sonia Drozd DAAT <ul style="list-style-type: none"> • Sherine Howell DAAT / Andy Ewing Police • Sonia Drozd DAAT 2.4.2 Sonia Drozd DAAT

FOCUS AREAS	ACTIONS	SUCCESS MEASURES	BY WHEN	LED BY
2.5 Alcohol intervention programmes and diversionary activities	2.5.1 Develop and implement programmes and diversionary activities for alcohol users.	<ul style="list-style-type: none"> Reduction of alcohol related crime and disorder. 	<ul style="list-style-type: none"> April 2014 	<ul style="list-style-type: none"> Andy Ewing Police
	2.5.2 Intelligence led approach by alcohol services to identify individuals who frequently disengage from treatment, and whose offending and/or ASB is linked to their alcohol abuse.	<p>2.5.1 All programmes to address alcohol related offending and lifestyle/ social issues.</p> <p>2.5.2 Continue to intensively target this cohort for diversionary activities.</p> <ul style="list-style-type: none"> Increase in successful completions of Intuitive Recovery and similar programmes. 	<p>2.5.1 April 2014</p> <p>2.5.2 December 2013</p>	<p>2.5.1 Adele Shepherd CAT team</p> <p>2.5.2 Cara Tribe CRI Alcohol Outreach</p>
	2.5.3 Support implementation of London wide Alcohol Sobriety Scheme as noted in the Governments most recent Alcohol Strategy 2012.	<p>2.5.3 Continue attendance at Sobriety Scheme specialist focus groups.</p> <ul style="list-style-type: none"> Implement Government led sobriety scheme as advised by MOPAC. 	<p>2.5.3 April 2015</p> <p>• June 2014</p>	<p>2.5.3 Sherine Howell DAAT</p> <p>• Sherine Howell DAAT</p>
	2.5.4 Earlier interventions for those at risk of or engaged in alcohol related crime and offending	<p>2.5.4 Explore the feasibility of expanding the arrest referral service to include alcohol.</p>	<p>2.5.4 December 2014</p>	<p>2.5.4 Sonia Drozd DAAT</p>

FOCUS AREAS	ACTIONS	SUCCESS MEASURES	BY WHEN	LED BY
<p>2.6 Alcohol, domestic violence and Hate Crime</p>	<p>2.6.1 Monitor and improve direct access to treatment services for victims of domestic abuse who may have problems with alcohol.</p> <p>2.6.2 Alcohol services continue to attend DV Multi Agency Risk Assessment Group (MARAC).</p> <p>2.6.3 Ensure all DV perpetrator programmes include alcohol Education.</p>	<p>2.6.1 Improved referral pathways between Alcohol and Domestic Violence services.</p> <ul style="list-style-type: none"> • Devise targeted literature for victims of DV on accessing support around their own use • Ensure information and referral pathways are available at all refuges and clients are appropriately signposted. • Increase in referrals from DV services to treatment agencies. • Increase in referrals from treatment services to DV services. <p>2.6.2 Increase in number of cases referred from treatment services and IDVAS to MARAC.</p> <p>2.6.3 Increased awareness of the role alcohol plays in violent behaviour for all perpetrators.</p> <ul style="list-style-type: none"> • Reduction in alcohol related domestic violence. 	<p>2.6.1 September 2012</p> <p>2.6.2 December 2014</p> <p>2.6.3 April 2015</p>	<p>2.6.1 Helen Oliver Safeguarding (Domestic Violence lead) / Adele Shepherd CAT team</p> <p>2.6.2 Adele Shepherd CAT team</p> <p>2.6.3 Helen Oliver Safeguarding</p>

FOCUS AREAS	ACTIONS	SUCCESS MEASURES	BY WHEN	LED BY
	<p>2.6.4 Tackle alcohol as a contributing factor of violence, including violence resulting from Hate Crime.</p>	<p>2.6.4 Reduction in alcohol related Hate Crime.</p> <ul style="list-style-type: none"> • Increase use of the Government's national Alcohol Strategy, which focuses on changing public behaviour. 	<p>2.6.4 September 2016</p>	<p>2.6.4 Adele Shepherd CAT team</p>

Focus Area Three: Children, Young People 15 and Families

Evidence of Good Practice

LBBD Young People One Day Alcohol Awareness Event

During November 2011, CRI SubWize Young People Drugs Project hosted a one day alcohol awareness and education event for ages 0- 19. The event was held at the Foyer, which provides supported accommodation for local people. The event was attended by young people and a variety of staff, who took part in a range of events including:

- Alcohol information, advice, and guidance.
- A “Guess the celebrity now” quiz.
- Alcohol-free recipe and cocktail bar
- NHS alcohol ageing programme (Takes photo, adds age, adds average units consumed and produces photo highlighting long term damage of alcohol abuse)
- Locally sponsored competition including meals and event tickets.

The event was attended by over 80 people throughout the afternoon, who evaluated the event as being very informative and fun. A young entrepreneur from SubWize, who frequently engages with wrap around services, ran his own stall at the event providing CD’s of his own produced music, t-shirts and mugs with his own branding and logos.

How we will develop

During planning of 2012 Alcohol Awareness Week, we aim to consult with young service users to further increase the success of this event and ensure we pitch future events are pitched at the right level. We will also consider developing a young people’s alcohol consultation event in conjunction with children’s services and local schools to ensure we are meeting the needs of our young people.



FOCUS AREAS	ACTIONS	SUCCESS MEASURES	BY WHEN	LED BY
3.1 Effective alcohol education to raise awareness and highlight dangers of alcohol use for young people	3.1.1 Effective PSHE Programmes in schools for key stages 2- 5.	3.1.1 100% of schools to teach PSHE programmes with a significant alcohol component, to incorporate the talking from experience programme.	3.1.1 September 2014	3.1.1 Jason Hatherill Education
	3.1.2 Young people to have access to drug and alcohol information.	3.1.2 Drug and Alcohol workshops to be delivered once per term in all youth centres via the youth bus by contracted provider.	3.1.2 September 2014	3.1.2 Simone James SubWize
	3.1.3 Deliver annual young people's alcohol campaign and awareness event.	3.1.3 Evaluation of workshop feedback to demonstrate impact of lesson. <ul style="list-style-type: none"> Awareness event information to be updated on young people's websites including street base, my heads up and youth 4 us. 	3.1.3 September 2014	3.1.3 Simone James SubWize
	3.1.4 Research the use of mobile and e-learning to develop young people's knowledge of alcohol.	3.1.4 Increased number of opportunities of mobile and e-learning for young people including; social media, Twitter and targeted Apps.	3.1.4 September 2014	3.1.4 Sherine Howell DAAT / Natasha Dafesh LBBB
	3.1.5 All schools to have an up to date drug and alcohol policy.	3.1.5 All schools have reviewed drug and alcohol policy to include young people's referral routes.	3.1.5 September 2014	3.1.5 Jason Hatherill Education
	3.1.6 Specialist input from drug alcohol professionals.	3.1.6 Secondary schools to benefit from a young people's drug and alcohol specialist worker.	3.1.6 September 2014	3.1.6 Meena Kishinani LBBB/ Sonia Drozd DAAT

FOCUS AREAS	ACTIONS	SUCCESS MEASURES	BY WHEN	LED BY
	<p>3.1.7 Provide effective satellites for young people.</p> <p>3.1.8 Explore the option of young people collecting connect points via the streetbase website, for engaging with SubWize young people's project.</p>	<p>3.1.7 All secondary schools and youth centres to provide opportunities for young people to drop in for specialist drug and alcohol advice.</p> <p>3.1.8 SubWize added to reward scheme for young people and students in Barking and Dagenham</p>	<p>3.1.7 September 2014</p> <p>3.1.8 September 2014</p>	<p>3.1.7 Simone James SubWize</p> <p>3.1.8 Simone James SubWize/ Phillip Cobham LBBD</p>
3.2 Improve the support given to families with Alcohol related needs	<p>3.2.1 Continue to provide Targeted parenting programmes for families with alcohol related needs.</p> <p>3.2.2 Further imbed and continue the effective use of CAF and team alongside the family approach.</p> <p>3.2.3 Increased delivery of further brief interventions training for family based practitioners.</p>	<p>3.2.1 Treatment services and Children's Centres will increase by 100% their delivery of Family based Programmes to targeted families with identified alcohol related needs.</p> <ul style="list-style-type: none"> • Increase the number of families accessing programme. <p>3.2.2 Increase the number of CAF initiations (including family CAF) for families with identified alcohol use from treatment services.</p> <p>3.2.3 Minimum of 6 annual targeted training events for family based practitioners.</p>	<p>3.2.1 September 2014</p> <p>3.2.2 September 2014</p> <p>3.2.3 September 2014</p>	<p>3.2.1 Adele Shepherd CAT team</p> <p>3.2.2 Adele Shepherd CAT team / Perry Wright Treatment Service</p> <p>3.2.3 Adele Shepherd CAT team</p>

FOCUS AREAS	ACTIONS	SUCCESS MEASURES	BY WHEN	LED BY
3.3 Develop a service aimed at those young people coming to the attention of A&E	3.2.4 Utilise the newly appointed Family and Transitions worker.	3.2.4 Increase in referrals for hidden harm and transitional issues via newly created targeted worker based at SubWize young people's service	3.2.4 September 2014	3.2.4 Simone James SubWize
	3.2.5 Review number of voluntary and community sector organisations providing alcohol awareness.	3.2.5 All available community venues for young people, including libraries and leisure facilities to provide alcohol awareness literature and information on support and services that are available.	3.2.5 September 2014	3.2.5 Sherine Howell DAAT / Adele Shepherd CAT team.
	3.3.1 Appoint Young People's A&E Community Link worker to be based between SubWize and local hospitals.	3.3.1 Increase in referrals from BHRUT hospitals to SubWize.	3.3.1 September 2013	3.3.1 Perry Wright Treatment Provider
	3.3.2 Utilise current social media tools to provide advice on A&E services for young people	3.3.2 Increase in young people accessing targeted social media information on drug and alcohol.	3.3.2 September 2014	3.3.2 Simone James SubWize
	3.3.3 Develop young people specific literature on pathways to service and harm reduction and unit advice.	3.3.3 Increase in dissemination of targeted literature. <ul style="list-style-type: none"> Reduction in young people presenting at A&E for non emergency alcohol related problems. 	3.3.3 September 2014 <ul style="list-style-type: none"> September 2015 	3.3.3 Simone James SubWize <ul style="list-style-type: none"> Simone James SubWize

FOCUS AREAS	ACTIONS	SUCCESS MEASURES	BY WHEN	LED BY
3.4 Troubled Families	3.4.1 Effective referral routes to alcohol treatment and services for troubled families	3.4.1 100% of children whose parents are identified as having alcohol related needs, to be referred to SubWize as a hidden harm referral.	3.4.1 September 2014	3.4.1 Simone James SubWize
	3.4.2 Develop interventions for young carer's that support adults who have alcohol related needs.	3.4.2 Further develop peer support networks, specific support forums, increase in carer's assessment and information on coping with substance misuse for young carers.	3.4.2 September 2014	3.4.2 Simone James SubWize
	3.4.3 More effective use of the family CAF.	3.4.3 Increase instigation of family CAF for adults accessing treatment services.	3.4.3 September 2014	3.4.3 Damien Cole LBBD
	3.5 Increase in awareness of alcohol foetal syndrome for all young people in particular pregnant girls	3.5.1 Increased awareness of Alcohol Foetal Syndrome (FAS) for young expectant mothers via BHRUT and Family Nurse Partnership.	3.5.1 100% of health visitors and Family Nurse Practitioners to provide alcohol awareness for pregnant girls at their first appointment.	3.5.1 September 2014
3.5.2 Young mothers to receive specialist and targeted support on alcohol use during pregnancy.		3.5.2 100% of expectant teen mums who screen positive for alcohol use to be referred to specialist treatment agencies.	3.5.2 September 2014	3.5.2 Linda Bailey Public Health/ Family Nurse partnership
3.5.3 Utilise resources available through Avent to increase awareness locally.		3.5.3 Avent to distribute FAS targeted literature to 100 % of clinics.	3.5.3 September 2014	3.5.3 Linda Bailey Public Health / Family Nurse Partnership
3.5.4 Better relationship with FNP (Family Nurse Practitioners) to identify mothers with alcohol related needs.		3.5.4 Increase in identification of mothers with alcohol related needs.	3.5.4 September 2014	3.5.4 Adele Shepherd CAT team

Evidence of Good Practice

Hospital Based Alcohol Service

Alcohol has long been a subject of concern for public health. Despite efforts to educate against the harmful effects of drinking, the problem is increasing. Attendance and admission rates to acute general hospitals for alcohol-related health problems also continue to escalate.

The hospital based alcohol liaison service offers the opportunity for acute hospital patients to be provided with a brief intervention and education on their alcohol use and, for those who need it, the opportunity to be fast-tracked to appropriate community services.

The role of the alcohol liaison nurse means patients can be offered health promotion, education and advice on their alcohol consumption. They can also reduce patients' risk of future alcohol-related admissions by discussing the reason for their admission, addressing lifestyle behavior and choices and giving a direct link to community services to those who need it.

In 2001, the Royal College of Physicians (RCP) published recommendations for a coherent alcohol strategy for hospitals, entitled 'Alcohol - can the NHS afford it?'. It suggested that at least one healthcare worker, such as a specialist nurse, should be employed to implement such a strategy.

How we will develop

Excessive consumption of alcohol is associated with numerous major health risks, and the number of patients who are admitted predominantly for alcohol problems represent a significant financial burden on acute hospital services. It is therefore recommended that an alcohol liaison service is incorporated within acute general hospitals in BHRUT. Although we have been delivering this service on a part time basis for the last 2 years, this requires a dedicated post.



FOCUS AREA	ACTION	SUCCESS MEASURES	BY WHEN	LED BY
4.1 Presentation of alcohol in older people (65+)	4.1.1 Collate more research on alcohol misuse in older people in order to generate localised practical responses	4.1.1 Further examination of trends in the nature, extent, and predictors of alcohol misuse in older people	4.1.1 December 2014	4.1.1 Adele Shepherd CAT team / Linda Bailey Public Health
	4.1.2 Ensure that all older people have access to clear and specific information on the risks associated with alcohol use.	4.1.2 Develop and commission targeted literature for older people. <ul style="list-style-type: none"> Professional advice and targeted information will continue to be available at events such as town show, older people's day and other related events. Increase access to a range of treatment options and services available for older people. 	4.1.2 December 2013	4.1.2 Adele Shepherd CAT team / Sherine Howell DAAT
	4.1.3 Healthcare workers in all settings to be vigilant in the role of alcohol in the presentation of older people.	4.1.3 Development of training package for healthcare staff working with older groups including 65 plus. <ul style="list-style-type: none"> Deliver further screening and Brief Interventions training for professionals. Reduce un-detection and misdiagnosis by raising awareness of the signs of problematic use in older people. 	4.1.3 December 2014	4.1.3 Linda Bailey Public Health / Sherine Howell DAAT <ul style="list-style-type: none"> Adele Shepherd CAT team Adele Shepherd CAT team

FOCUS AREA	ACTION	SUCCESS MEASURES	BY WHEN	LED BY
4.2 Safeguarding Adults	4.2.1 Work with Local Safeguarding Adults Board (SAB) to ensure self neglect protocols incorporate addressing issues of substance misuse.	<ul style="list-style-type: none"> Work with boroughs GP practices to advise that people over the age of 65 are screened for alcohol as part of their routine health checks. 		<ul style="list-style-type: none"> Adele Shepherd CAT team / Linda Bailey Public Health
	4.2.1	<p>Dissemination of alcohol literature via Adult Social Care.</p> <ul style="list-style-type: none"> Increase identification of vulnerable adults with substance misuse needs and offer targeted support. 	4.2.1 April 2014	4.2.1 Sonia Drozd DAAT
4.3 Responding to safeguarding issues	4.3.1 Ensure alcohol treatment services identify and respond to safeguarding issues for adults as part of a whole family approach.	<p>Increase supported access to alcohol treatment and primary care for vulnerable adults and those with complex needs.</p> <ul style="list-style-type: none"> Coordinated responses across all agencies. Reduced consumption and increased awareness. Establish baseline target cohort within Adult and Children's Social Care. 	4.3.1 December 2013	4.3.1 Sonia Drozd DAAT
	4.3.1			

FOCUS AREA	ACTION	SUCCESS MEASURES	BY WHEN	LED BY
<p>4.4 Vulnerable adults becoming a victim of alcohol related crime</p>	<p>4.4.1 Provide information for vulnerable groups to highlight the risk of them becoming victims of alcohol related crime.</p>	<p>4.4.1 Commission and disseminate targeted literature.</p> <ul style="list-style-type: none"> • Reduction in vulnerable adults who are victims of alcohol related crime. • Improved social functioning and health. 	<p>4.4.1 September 2013</p> <ul style="list-style-type: none"> • December 2013 • April 2014 	<p>4.4.1 Adele Shepherd CAT team</p>

Focus Area Five: Alcohol-Related Hospital Admissions, Health and Treatment

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Evidence of Good Practice

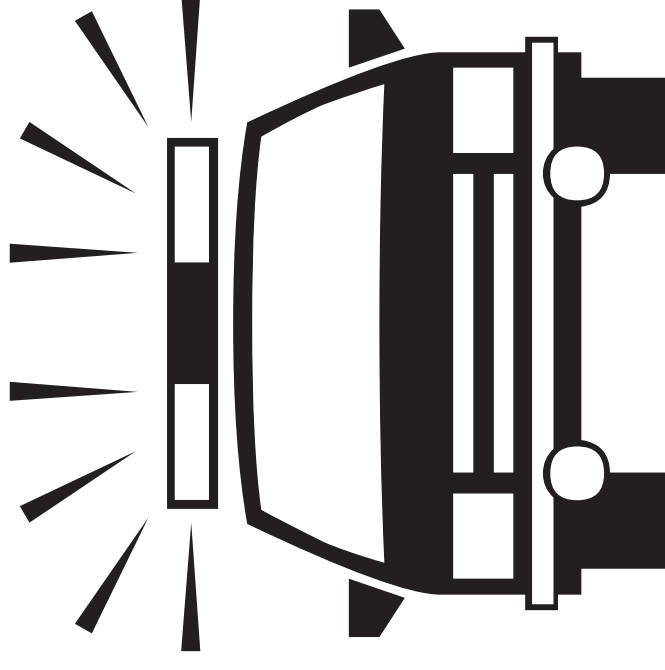
During 2012, CRI who provide local drug treatment services for adults and young people, were successful in their bid for 3 years funding from the UK Comic Relief fund. This was used to employ a full time Young People's A&E Recovery Worker whose role includes engaging with service users aged up to 25, who have been admitted to Accident & Emergency with drug and alcohol related illnesses and injuries. The worker will also increase opportunities for service users to achieve sustainable treatment outcomes by engaging with them at a time where their drinking has caused them harm.

Other key activities include:

- Carrying out triage and comprehensive assessments, and to contribute to the development of individual community recovery plans with those who express a wish to access community treatment/support services.
- In conjunction with medical staff, the recovery worker offer's referrals into substitute prescribing regimes to improve social functioning and recovery.
- Utilise motivational interviewing, ITEP, cognitive behavioural techniques, and brief interventions in one-to-one and group settings to promote engagement in treatment services.
- Working in partnership with Community Pharmacists ensuring clear communication pathways in relation to medication and supervised consumption.
- Promoting sexual health awareness and offering screening and materials to service users

How we will develop

As a partnership we will continue to deliver a joint approach to delivering alcohol interventions and pathways at BHRUT hospitals, as well as utilising the existing young peoples post to capture other clients. Barking and Dagenham utilised one year funding from the GLA community safety fund, to employ a full time Alcohol and Offending Outreach Officer. This role has proved effective and as part of our future development, we will seek funding for this post to remain.



FOCUS AREA	ACTION	SUCCESS MEASURES	BY WHEN	LED BY	
5.1 Rate of alcohol related hospital admissions	5.1.1 Reduce the rate of alcohol related hospital Admissions by 1% year on year.	5.1.1 Deploy a dedicated specialist alcohol service within A&E.	5.1.1 September 2013	5.1.1 Adele Shepherd CAT team	
	5.1.2 Raise awareness of community based treatment for those who frequently attend A+E.	5.1.2 Decrease in client attending A+E For non serious interventions.	5.1.2 April 2013	5.1.2 Adele Shepherd CAT team	
	5.1.3 Review information and referral pathways to specialist agencies.	5.1.3 Up to date pathways and information available at all BHRUT Hospitals.	5.1.3 September 2013	5.1.3 Linda Bailey Public Health / Adele Shepherd CAT team	
	5.1.4 Work with local hospitals to develop integrated alcohol Treatment pathways between primary and secondary care	5.1.4 Increase in shift from secondary care, to care within the Community, thus reducing costs.	5.1.4 December 2014	5.1.4 Linda Bailey Adele Shepherd	
	5.1.5 Work with GPs to develop shared care arrangements	5.1.5 Increase in GPs delivering home detox where appropriate.	5.1.5 Increase in GPs delivering home detox where appropriate.	5.1.5 April 2013	5.1.5 Dr Kalkat CCG
			5.1.6 Consider pooling resources for full time alcohol liaison posts to increase long term savings.	5.1.6 April 2014	5.1.6 Christianah George Adult Commissioning

FOCUS AREA	ACTION	SUCCESS MEASURES	BY WHEN	LED BY
5.2 Better use of data and intelligence	5.2.1 Better links and partnership-working with local hospitals to make better use of data and intelligence on our alcohol related admissions.	5.2.1 Continue to represent B&D at ONEL alcohol sector network which has worked hard to develop robust links with local hospitals.	5.2.1 April 2014	5.2.1 Sherine Howell DAAT Adele Shepherd CAT team
		5.2.2 Joint analysis of treatment data versus those who are being admitted.	5.2.2 December 2012	5.2.2 Michael Sinclair DAAT
		5.2.3 Identify repeat attendees and engage in mainstream services, as evidence suggests this group generally have less support networks.	5.2.3 April 2013	5.2.3 Adele Shepherd CAT team
5.3 Mainstream health promotions	5.3.1 Include alcohol in all mainstream health promotions including sexual health and obesity	5.3.1 Support launch and promotion of Alcohol Awareness Week through local partnership and multi agency approach.	5.3.1 December 2013	5.3.1 Linda Bailey Public Health
		5.3.2 Updated unit information to be routinely circulated to key contacts.	5.3.2 December 2013	5.3.2 Adele Shepherd CAT team
		5.4.1 Support service users to proactively engage with wrap around services.	5.4.1 April 2014	5.4.1 Adele Shepherd CAT team
5.4 Completion of alcohol treatment and exiting the recovery system	5.4.1 Improve the amount of clients successfully completing alcohol treatment and exiting the recovery system in a planned way.	5.4.2 Workers to proactively engage those who continue to return to treatment.	5.4.2 April 2014	5.4.2 Adele Shepherd CAT team

FOCUS AREA	ACTION	SUCCESS MEASURES	BY WHEN	LED BY
5.5 Delivery of screening	5.5.1 Increase delivery of screening to those identified as having pre existing Health conditions which may be linked to alcohol misuse.	5.5.1 CAT team will continue to raise awareness in acute care settings and encourage early identification and referrals to Specialist Services.	5.5.1 April 2014	5.5.1 Adele Shepherd CAT team
	5.5.2 Target people with raised liver tests which may be linked to Alcohol misuse.	5.5.2 Target people with raised liver tests which may be linked to Alcohol misuse.	5.5.2 April 2014	5.5.2 Adele Shepherd CAT team / Dr Kalkat CCG

Focus Area Six: Licensing and Alcohol Retail 18

Evidence of Good Practice

On 29 - 30 June 2012, Barking and Dagenham Police, in partnership with Trading Standards, took part in one of the Metropolitan Police Service's (MPS) biggest policing operations of the year so far that focused on tackling the sale of unlicensed goods and services. Venues checked included pubs, off-licenses. Officers were on the look out for drug taking and other illegal activity inside pubs and checking that alcohol is sold and consumed in line with licensing laws. Action was taken against those selling alcohol and other items illegally.

Results for Barking and Dagenham Police's 48 hour operation included:

- Alcohol Awareness Schools Visits - 8 conducted
- Counterfeit Alcohol Patrols - Seized - 111 bottles of mixed alcohol (includes suspected counterfeit alcohol and duty evaded alcohol),
- Test Purchase Visits for Alcohol - 80 premises visited resulted in 6 failures.
- Late Night License Visits - 25 premises visited.
- DPPO (Designated public place order) street drinking - 59 seizures and 1 arrest
- Counterfeit Alcohol Awareness Stand staffed by VPC

How we will develop

We will continue working hard to ensure that the alcohol in the borough's pubs and clubs is sold and consumed in a responsible way which will include taking enforcement against any retailer found to be in breach of any related laws. Raising awareness of counterfeit alcohol continues to be a priority for the partnership. Future operations are likely to take place where possible.



FOCUS AREAS	ACTIONS	SUCCESS MEASURES	BY WHEN	LED BY
6.1 Licensing Applications	6.1.1 Enable local people to raise objections to licenses and license changes in unsuitable premises.	6.1.1 Publish information on new licensing applications and guidance on how to make representations to the local authority. <ul style="list-style-type: none"> • Advice interested parties and responsible authorities on how to initiate reviews. • Communicate more effectively with the public through existing mechanisms, including ward newsletters and the Community Safety Partnership website. 	6.1.1 December 2013 <ul style="list-style-type: none"> • December 2013 • December 2013 	6.1.1 Kath Stent LBBD <ul style="list-style-type: none"> • Kath Stent LBBD • Kath Stent LBBD
6.2 Reduction of underage sales	6.2.1 Targeted test purchasing based on intelligence, collated by the Licensing department	6.2.1 To be delivered annually.	6.2.1 April 2013	6.2.1 Kath Stent LBBD
		6.2.2 Continue test purchases in both on and off licensed premises in the Borough	6.2.2 December 2013	6.2.2 Kath Stent LBBD
		6.2.3 Prioritise test purchases in supermarkets and name and shame those who fail to adhere.	6.2.3 April 2014	6.2.3 Kath Stent LBBD
		6.2.4 Consider expanding the use of surveillance equipment at irresponsible premises.	6.2.4 September 2013	6.2.4 Kath Stent LBBD

FOCUS AREAS	ACTIONS	SUCCESS MEASURES	BY WHEN	LED BY
6.3 Responsible retailing	6.3.1 Promote responsible retailer scheme by rewarding licensed premises that are a model of good practice and prosecuting those who fail to adhere.	6.3.1 All alcohol licensed premises will receive better Information on identifying drunkenness to enable better Enforcement.	6.3.1 September 2013	Kath Stent LBBDD
	6.3.2 Work with retailers to introduce a scheme to regulate the price of strong beers, lagers and ciders etc; learning from experience in areas such as Ipswich.	<ul style="list-style-type: none"> • Re-launch Responsible Retailer's scheme. • Review the use of refused sales books in key licensed premises across the borough to obtain a clearer picture of its effective use. • Licensed premises to have information about the law, their responsibilities, and good practice on the sale of alcohol. 	<ul style="list-style-type: none"> • December 2014 	<ul style="list-style-type: none"> • Kath Stent LBBDD
		6.3.2 Licencees to sign up to voluntary price regulation scheme.	6.3.2 December 2014	Kath Stent LBBDD
6.4 Illegal and Counterfeit Alcohol	6.4.1 Reduce the amount of illegal and counterfeit alcohol available in the community.	6.4.1 Intelligence led joint working with Community Safety Partnership and police to identify counterfeit sales across the borough.	6.4.1 December 2013	Andy O'Connor Police
		6.4.2 Utilise community events to collate local intelligence and continue to raise awareness of the dangers of fake alcohol.	6.4.2 December 2013	Andy O'Connor Police

FOCUS AREAS	ACTIONS	SUCCESS MEASURES	BY WHEN	LED BY
		<ul style="list-style-type: none"> Licensing conference aimed at licensed proprietors and residents to raise awareness of counterfeit and illegal alcohol. 		<ul style="list-style-type: none"> Kath Stent LBBD

Focus Area Seven: Alcohol: The Economic Impact 19

Examples of Good Practice

Alcohol misuse is a costly business. Not just for individuals and their families but also to society, through unemployment, welfare benefits, health care costs and housing support. The cost of problem drinking to society is estimated at £2.7 billion every year for health care costs alone. These costs will increase unless strategic action is taken.

Identifying the costs of alcohol-related harm is essential in informing decision-making and working with multi-agency partners regarding alcohol policy, investment in and commissioning of alcohol interventions at a local level and influencing lifestyle behaviour.

Alcohol concern worked with Bolton PCT and Bolton Council to help reconfigure the alcohol treatment system. Two key principles were agreed upon for the new system. They were that the new service should be a) as simple as possible to enter and b) swift to respond.

These were not the only changes made to the system. For a full summary see *Investing in Alcohol Treatment – Reducing Costs and Improving Lives, Alcohol Concern*.

As a result of all changes made to the alcohol system in Bolton there was a reduction of hospital admissions of 2.4%. Bolton is one of very few areas in the country to have had a reduction. Local workers suggested that the new structure has contributed to the reduction.

How we will develop

On a local level we will begin to adopt these two very simple aspects of the change that took place in Bolton, with a view to stabilising and reducing our alcohol related admissions.



FOCUS AREAS	ACTION	SUCCESS MEASURES	BY WHEN	LED BY
7.1 Health	7.1.1 Reduce the costs of alcohol related hospital admissions.	7.1.1 Deliver further Brief Interventions training to reduce alcohol related harm, which will lead to fewer admissions.	7.1.1 December 2013	7.1.1 Adele Shepherd CAT team
		7.1.2 Consider costs to the health economy and potential savings in return for investments for harmful and hazardous drinkers.	7.1.2 December 2014	7.1.2 Linda Bailey/ Matthew Cole Public Health
7.2 Treatment	7.2.1 Improve and sustain delivery of alcohol treatment within the current budgetary constraints.	7.2.1 Undertake value for money analysis using NTA Value for Money tool kit.	7.2.1 December 2014	7.2.1 Christianah George Adult Commissioning
		7.2.2 Explore payment by results commissioning framework to ensure the delivery of cost effective recovery.	7.2.2 December 2013	7.2.2 Sherine Howell DAAT
		7.2.3 Consider pooling resources with partner boroughs to deliver health initiatives, such as alcohol liaison nurse.	7.2.3 April 2014	7.2.3 Christianah George Adult Commissioning
		7.2.4 Improve coordination of alcohol treatment commissioning.	7.2.4 September 2014	7.2.4 Jenny Beasley Adult Commissioning

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CABINET

12 February 2013

Title: Pay Policy Statement 2013/14	
Report of the Cabinet Member for Adult Services and Human Resources	
Open Report	For Decision
Wards Affected: None	Key Decision: Yes
Report Author: Martin Rayson, Divisional Director – Human Resources and Organisational Development	Contact Details: Tel: 020 8227 3113 E-mail: martin.rayson@lbdd.gov.uk
Accountable Divisional Director: Martin Rayson, Divisional Director – Human Resources and Organisational Development	
Accountable Corporate Director: Graham Farrant, Chief Executive	
<p>Summary:</p> <p>Under the terms of the Localism Act 2011 the Council must agree before the start of the new financial year a pay policy statement covering chief officer posts and above. The Act sets out matters which must be covered under the policy.</p> <p>A draft of the Pay Policy Statement for 2013/14, the second produced, is included at Appendix A.</p> <p>The policy must be agreed by the Council's Assembly in advance of each financial year and it is therefore planned to take the policy to the meeting on 25 February 2013.</p> <p>The Statement includes a section on "Fairness" (Section 12). This makes reference to the decision in 2011 to pay all permanent staff and agency staff working on Council assignments at least the London Living Wage (LLW) of £8.30 per hour. In November 2012 the LLW was increased to £8.55 per hour. This report includes a recommendation to ensure all permanent staff and agency staff are paid at least £9 per hour, backdated to 1 January 2013.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is asked to:</p> <ul style="list-style-type: none"> (i) Agree that all permanent Council staff and agency staff working on Council assignments be paid the equivalent of at least £9 per hour with effect from 1 January 2013; and (ii) Recommend the Assembly to approve the Pay Policy Statement for the London Borough of Barking and Dagenham for 2013/14, for publication with effect from 1 April 2013, as attached at Appendix A to the report. 	

Reason(s)

Under the terms of the Localism Act 2011 the Assembly must agree a pay policy statement in advance of the start of each financial year.

1. Introduction and Proposal

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for senior staff (chief officers) to be agreed by all members at an Assembly meeting, before the beginning of each financial year. This policy is timetabled to go to Assembly on 25 February.
- 1.2 The Council produced its first pay policy statement for the 2012/13 financial year and this document follows the same format. The definition of “chief officers” covers the Chief Executive, Corporate Directors and Divisional Directors. The matters that must be included in the pay policy statement are a council’s policy on:
- The level and elements of remuneration for each chief officer.
 - The remuneration of its lowest-paid employees (together with its definition of “lowest-paid employees” and its reasons for adopting that definition).
 - The relationship between the remuneration of its chief officers and other officers.
 - Other specific aspects of chief officers’ remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.
- 1.3 The Localism Act defines remuneration widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in/enhancements of pension entitlements, and termination payments.
- 1.4 The pay policy statement:
- Must be approved formally by the Council (Assembly) meeting itself
 - Must be approved by the end of March each year, starting with 2012
 - Can be amended in-year
 - Must be published on the Council’s website (and in any other way the Council chooses)
 - Must be complied with when the Council sets the terms and conditions for a chief officer.
- 1.5 The statement has been updated to take account of changes during the course of the year, notably:
- The sharing of the Chief Executive post with Thurrock Borough Council
 - The decision to keep the post of Corporate Director – Finance and Resources vacant
 - The deletion of the post of Divisional Director – Adult Commissioning
 - The appointment to the Director post following the transfer of the public health function (see Section 6)

- The appointment of the new Head of Legal and Democratic Services, a shared post with Thurrock Council

- 1.6 The Chief Executive has, at the request of Members, reviewed salary levels of senior posts as part of the process of fundamentally reviewing all aspects of the Council's expenditure as part of developing savings proposals for 2013/14 and beyond. It is the view of the Chief Executive that senior manager costs are best controlled through a reduction in the number of posts at that level, rather than by reducing salary levels for current staff.
- 1.7 This view is based on the need to ensure that we are able to recruit and retain staff at that level, capable of delivering the changes the Council needs to make to sustain services with reduced resources. We need to maintain motivation and morale at that level (and indeed across all staff groups) and need to be aware that alternative opportunities do exist for talented staff in and around London. There is also evidence that in most cases salary levels for senior staff now sit at about the median level in comparison with equivalent posts in other London Boroughs, rather than in the third quartile, where they were set in 2008. This reflects the fact that salaries have not been uplifted since that time.
- 1.8 The number of senior posts has reduce by 1.5 over the course of the last 12 months, taking account of the creation of a new Public Health Director post, following the transfer of responsibility and funding from the NHS. The Chief Executive will continue to review senior management levels during 2013 and, in particular, will explore opportunities to share posts with Thurrock Borough Council.

2. Pay Rates of Lowest Paid Staff

- 2.1 In Section 12 of the Pay Policy Statement, reference is made to "fairness" and the decision of the Council in November of 2011 that no member of staff at LBBDD (i.e. excluding apprentices) would receive less than the LLW, which at the time was £8.30 per hour. As of 1 January 2012, therefore relevant pay scales were uplifted. In the spring of 2012 the Council agreed that no agency staff working for the Council should be paid less than the LLW. An appropriate clause was therefore added to the new contract for agency staff with Adecco, which had a start date of June 2012.
- 2.2 At the beginning of November 2012 the Mayor of London announced that the London Living Wage (LLW) would increase to £8.55 per hour. No specific date was given for its implementation. In reviewing the position of the Council consideration has been given as to the extent to which an increase for the Council lowest paid staff to £8.55 is sufficient to ensure "fairness" in pay and supports the Council's ambition to increase average household incomes.
- 2.3 Members have made clear their intention that lowest-paid staff should receive help in these tough times – over and above the level recommended by the Mayor of London. This takes account of the uniquely challenging settlement for local government and the impact this has on lower paid staff. It is recommended, therefore, that the Council increases the rate of pay of its lowest paid permanent staff to the equivalent of at least £9 per hour (and annual salary of £16,425). It is further proposed that this increase be backdated to 1 January 2013.

2.4 This decision would benefit over 1,500 staff. The annual cost to the Council of increasing the pay of permanent staff is £314,000. The cost of paying £9 an hour to staff on agency contracts with the Council is estimated to be up to £100,000 annually. Implementation of the decision from 1 January 2013 adds an additional pressure to 2012/13 budgets of approximately £78,500, which services believe they can absorb.

3. Financial Issues

Implications completed by: Jonathan Bunt, Divisional Director, Finance

3.1 The annual cost to the Council of increasing pay rates to at least £9 per hour, based on the Council's current staffing structure, is set out in the table below:

	No. Staff	Add Cost of £9/hr	Add Cost of £9/hr (inc on-costs)
Chief Executive	1	£38	£48
Adult & Community Services Dept	25	£5,555	£6,946
Children & Young People	1,179	£105,749	£132,215
Finance And Resources	319	£140,057	£175,005
Housing & Environment	1	£134	£168
Total	1,525	£251,533	£314,382

3.2 An additional £1m has been included in the budget to cover the potential cost of a 1% pay award, which may be agreed as part of the national negotiations on pay. There is not currently, however, any specific provision in the 2013/14 budget for the extra cost to service budgets of raising the minimum hourly rate to £9, but the wider economic and social benefits associated with increasing pay rates at the bottom of the Council's pay scales is believed to outweigh the cost.

3.3 The options to fund the estimated £314,000 pressure are:

- To reduce the headroom in the agreed 2013/14 budget thereby increasing the overall budget gap for 2013/14 to 2014/15; or
- To fund from corporate contingency thereby reducing the available funds in 2013/14 to absorb any unforeseen pressures or invest in new corporate priorities and initiatives.

The additional pressure caused by implementing this increase during the 2012/13 budget year can be absorbed within existing budgets.

3.4 Where the staff impacted by this increase in pay work in services that are traded to schools or other bodies, the fee structure for those services will need to be considered as it currently operates on the principle of full cost recovery. There is a

potential risk to those income budgets if the additional costs make the services uncompetitive on price and lead to a reduction in the value for money offered.

3.5 There are no additional budget pressures caused by the agreement of the Pay Policy Statement, as this reflects the current position on pay.

4. Legal Issues

Implications completed by: Fiona Taylor, Head of Legal and Democratic Services

4.1 This report outlines our obligations with regards to senior officer pay and in particular in relation to the information to be provided pursuant to section 38 of the Localism Act. Legal comments are included in this report.

5. Other Implications

5.1 **Risk Management** – There are no risks attached to this statement as attached as it describes the current position.

5.2 **Contractual Issues** – This statement makes no changes to employees' contractual position.

5.3 **Staffing Issues** – The staffing issues are fully explored within the main body of the report.

Background Papers Used in the Preparation of the Report:

- Localism Act 2011

List of appendices:

Appendix A – Pay Policy Statement 2013/14

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LONDON BOROUGH OF BARKING AND DAGENHAM

PAY POLICY STATEMENT 2013/14

1. Introduction – Requirement for Council Pay Policy Statement

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement to be agreed by members before the beginning of each financial year. The Act does not apply to local authority schools. This document meets the requirements of the Act for the London Borough of Barking and Dagenham. The Council agreed its first Pay Policy in March 2012 and this is the second, to cover the 2013/14 financial year.
- 1.2 The provisions of the “Act” require that councils are more open about their own local policies and how their local decisions are made. The Code of Recommended Practice for Local Authorities on Data Transparency enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold: responding to public demand; releasing data in open formats available for re-use, and, releasing data in a timely way. This includes data on senior salaries and the structure of the workforce.

2. Pay and Reward Principles

- 2.1 The Council recognises that to achieve its objectives for the communities it serves, it needs to be able to attract and retain talented people at all levels of the organisation. The Council’s People Strategy sets out a range of actions the Council will take to ensure that we have

“the right people, with the right skills in the right places, with the right kinds of management and leadership, motivated to perform well”

- 2.2 Whatever their role, the Council seeks to ensure that every member of staff is valued and remunerated on a fair and just basis. Our approach to pay is designed to ensure:
- Pay levels are affordable for the Council, at a time when we are making some very difficult decisions about spending on services to the community;
 - We can demonstrate fairness and equity in what we pay people at different levels and in different parts of the Council; and
 - Pay is set at levels which enable us to recruit and retain the quality of staff we need to help us achieve our objectives at a time of financial hardship.

- 2.3 The Council remains committed to being part of the local government national pay negotiation structure (overseen by the National Joint Council). The Council has also committed to pay all its employees in substantive posts an annual salary, which is at least the equivalent of the London Living Wage.
- 2.4 Pay levels are determined through a job evaluation system. For staff at PO6 and below we generally use the Greater London Provincial Council job evaluation system. For posts at PO7 and above in most cases we use the HAY job evaluation system. Pay point 49 (£43,368) is at the top of PO6 and bottom of PO7. Each system assesses the relative “size” of the role against a range of criteria, relating to its complexity, the number of resources managed and the knowledge required to undertake the role.
- 2.5 Pay rates are generally set against the national pay spine agreed by the National Joint Council (although there are a few exceptions).

3. Defining “Chief Officers”

- 3.1 The implementation of savings plans has seen a reduction in the number of “chief officer” posts year on year. At the start of the 2013/14 financial year, the Council will employ the following number of Chief Officers:

Chief Executive	- 0.5 (shared with Thurrock Council)
Corporate Directors	- 3
Divisional Directors	- 13.5 (one post shared with Thurrock Council)

Where posts are shared with another council, this Council (LBBD) makes a regular payment to that council for the services provided

4. Accountability for Chief Officers Pay

- 4.1 The pay arrangements for chief officers are overseen by a Panel (called the JNC Salaries and Conditions Panel) appointed by the Council’s Assembly.
- 4.2 The Council’s constitution sets out the responsibilities and composition of the Panel and states:

JNC Salaries and Conditions Panel - consisting of the Leader and Deputy Leader of the Council (as Chair and Deputy Chair respectively), the relevant Portfolio Holder(s), the Cabinet Member for Finance, Revenues and Benefits, plus at least two other councillors to consider and make final decisions in relation to salaries and conditions for JNC officers (including the Chief Executive) and the grading of any new JNC posts in line with Council policy.

5. Current Pay Policy and Base Pay Rates

5.1 Setting Salary Levels

- 5.1.1 All chief officer roles are evaluated using the HAY job evaluation system. Spot salary levels were set for chief officer roles in 2008. There is a commitment to

review salary levels every three years. In undertaking reviews, account is taken of the market, particularly the market in London.

- 5.1.2 In 2008 salaries were set at the top of the third quartile in comparison with equivalent roles in London at that time. This reflected the fact that whilst the London Borough of Barking and Dagenham is one of the smaller boroughs in terms of population, it is a community that faces significant challenges and therefore the view was taken that we needed to attract a good choice of senior staff with the appropriate skills and experience.
- 5.1.3 All Divisional Director salaries were reviewed in December 2010, following structural changes made in preparation for the 2011/12 financial year. Corporate Director salaries have not been reviewed since 2008. A recent review suggests that in most cases the salary levels for Directors and Divisional Directors are around the median level for posts around London and it is appropriate to pay at that level (rather than at the top of the third quartile as they were in 2008), given the state of the employment market and the pressure on LBBDD budgets.

5.4 **Chief Executive**

The current Chief Executive was appointed on an interim basis in July 2012. The post is shared with Thurrock Council and the salary paid by Thurrock to the post holder is £185,000. The cost to this Council is therefore £92,500 annually. The previous Chief Executive was on a salary of £150,000 and the Council is therefore making a saving of around £75,000 when on-costs are taken into account.

5.5 **Corporate Directors**

The three remaining Corporate Directors are on the following salary points:

Adult and Community Services	Chief Officers.CH IEFO.0	131,757.00
Children's Services	Chief Officers.CH IEFO.0	131,757.00
Housing & Environment	Chief Officers.CH IEFO.0	131,757.00

The post of Corporate Director Finance and Resources, which became vacant when the previous post holder left in September 2012, has not been filled. The salary paid to that individual was £145,000.

5.6 **Divisional Directors**

There are four spot salary levels for these posts:

CO1 - £70,332	0 posts
CO2 - £78,740	1 posts

CO3 - £89,763	8.5 posts
CO4 - £108,661	3 posts

It is appropriate for there to be some differentiation in pay levels at Divisional Director level because of the differing amounts of risk and responsibility being carried at that level. The 0.5 post is shared with Thurrock Council who reimburse this Council for 50% of the cost.

6. Director of Public Health

- 6.1 Following the transfer of responsibility for public health to local authorities, we have from 1st April 2013, established a Director of Public Health post. The post holder will transfer across from the NHS on current pay (£90,000) and terms and conditions, under TUPE.

7. Contingent Pay

- 7.1 The Council pays its Chief Officers a spot salary. There is no element of performance pay, nor are any bonuses paid. No overtime is paid to Chief Officers. There are no lease car arrangements.
- 7.2 There are three additional historic payments made to senior staff over and above basic salary:

Divisional Director of Finance - £3,237 per annum (market supplement)

Divisional Director of Complex Needs and Social Care - £10,000 per annum (market supplement)

Divisional Director of Housing Strategy - £257.52 per annum (experience and length of service payment)

8. Pensions

- 8.1 All Council employees are eligible to join the Local Government Pension Scheme. The Council does not enhance pensionable service for its employees either at the recruitment stage or on leaving the service, except in certain cases of retirement on grounds of permanent ill-health where the strict guidelines specified within the pension regulations are followed.

9. Other Terms and Conditions

- 9.1 Employment conditions and any subsequent amendments are incorporated into employees' contracts of employment. Chief Officer contracts state:

"Where adopted by the Council for your employment group and unless otherwise indicated in this statement, your terms and conditions of employment are as set out in the NJC (National Joint Council) for Local Government Services otherwise called the "Green Book". These terms and conditions may be supplemented by agreements reached collectively at the Greater London Provincial Council and at the Council's Employee Joint Consultative Committee."

9.2 The Council's employment policies and procedures and terms and conditions are reviewed on a regular basis in the light of service delivery needs and any changes in legislation.

10. Election Expenses

10.1 The fees paid to Council employees for undertaking election duties vary according to the type of election they participate in and the nature of the duties they undertake. All election fees paid are additional to Council salary and are subject to normal deductions for tax.

10.2 Returning Officer duties (and those of the Deputy Returning Officer) are contractual requirements but fees paid to them for national elections / referendums are paid in accordance with the appropriate Statutory Fees and Charges Order.

11. Termination / Severance Payments

11.1 Employees who leave the Council, including the Chief Executive and Chief Officers, are not entitled to receive any payments from the Council, except in the case of redundancy or retirement as indicated below.

11.2 Retirement

11.2.1 Employees who contribute to the Local Government Pension Scheme who elect to retire at age 60 or over are entitled to receive immediate payment of their pension benefits in accordance with the Scheme. Early retirement, with immediate payment of pension benefits, is also possible under the Pension Scheme with the permission of the Council in specified circumstances from age 55 onwards and on grounds of permanent ill-health at any age.

11.2.2 The Council will consider applications for flexible retirement from employees aged 55 or over on their individual merits and in the light of service delivery needs.

11.3 Redundancy

11.3.1 Employees who are made redundant are entitled to receive statutory redundancy pay as set out in legislation calculated on their actual salary. The standard London Borough of Barking and Dagenham redundancy scheme applies to Chief Officers. The scheme was amended in November 2011 and a maximum of 45 weeks of actual pay is payable depending on length of service. This scheme may be amended from time to time in accordance with the Council's Constitution

11.4 Compromise Agreements

11.4.1 Where an employee leaves the Council's service in circumstances which are, or would be likely to, give rise to an action seeking redress through the Courts from the Council about the nature of the employee's departure from the Council's employment, the Council may settle such claims by way of compromise agreement where it is in the Council's interests to do so. The amount to be paid in any such instance may include an amount of compensation, which is appropriate in all the circumstances of the individual case. Should such a matter involve the

departure of a Director or the Chief Executive it will only be agreed following external legal advice that it would be lawful and reasonable to pay it.

12. Fairness

- 12.1 In November 2011, the Council's Cabinet agreed that no member of staff in a substantive post should be paid less than the London Living Wage. In November 2012 the Mayor of London announced that the London Living Wage would increase to £8.55 per hour (from £8.30). Cabinet have agreed that as of 1 January 2013, no permanent member of the Council's staff should be paid less than £9 per hour (excluding those on apprenticeship schemes). This supports the Council's ambition to raise average household incomes and believes this to be an important statement in terms of pay fairness. The Council has also agreed that this should apply to all agency staff working on Council assignments.
- 12.2 The equivalent annual salary to £9 per hour is £16,425. Based on this figure, the Council's pay multiple - the ratio between the highest paid employee and lowest paid employee - is now 1:8 (previously 1:10), if we consider the Council's highest paid employees to be the Corporate Directors on salaries of £131,757 per annum. However if we take the Chief Executive's full salary as the comparator, the ratio has increased to 1:11.26.
- 12.3 The ratio between the taxable earnings for the Corporate Directors' salaries and the median earnings figure for all employees in the Council is 1:6.5 (1:9.15 when compared to the Chief Executive's full salary). The median earnings figure is for all employees as at December 2012 was £20,205 pa.
- 12.4 The table below gives a comparison of the ratio of highest to median salary in other London Boroughs, where information is available:

Ratio	Number
1:10 and above	5
Between 1:7 and 1:10	7
Between 1:5 and 1:7	12

13. Any Additional Reward Arrangements

- 13.1 There are none in place.

If there are any enquiries about these arrangements please apply to Martin Rayson, Divisional Director, Human Resources and Organisational Development (martin.rayson@lbbd.gov.uk)

CABINET

12 February 2013

Title: Riverside Secondary School: Temporary and Permanent School Sites	
Report of the Cabinet Member for Children's Services	
Open Report	For Decision
Wards Affected: Thames Ward	Key Decision: Yes
Report Author: Mike Freeman, Group Manager School Estate and Admissions	Contact Details: Tel: 020 8227 3492 E-mail: mike.freeman@lbbd.gov.uk
Accountable Divisional Director: Jane Hargreaves, Divisional Director Education	
Accountable Corporate Director: Helen Jenner, Corporate Director of Children's Services	
<p>Summary:</p> <p>The Riverside Secondary School was established as a Foundation Trust School as a result of a School Competition held in 2010, in which the Council acted as Adjudicator. The first year's intake of four forms of entry (FE) or 120 students joined the school in September 2012. It currently shares premises with George Carey Church of England Primary School.</p> <p>By September 2013 the Riverside Secondary School will require new premises. The intended permanent site at the District Centre of Barking Riverside (the "Permanent Site") will not be available for construction purposes until August 2013. The school buildings should then be delivered by September 2015. The former City Farm site (the "Temporary Site") which is near the Permanent Site would be suitable as a temporary site. Since it is expected that there will be sufficient demand for more primary school places in the local area it would be prudent to build a primary school for temporary use by the secondary school. This option would also offer good value for money. The Council's Capital Programme identifies £3m for temporary accommodation for the Riverside Secondary School and it is proposed to use this money for this purpose.</p> <p>The proposers of the Riverside Secondary School submitted a successful bid to provide a Free School on Barking Riverside to access capital for new facilities (the "Proposers"). The Proposers have indicated that they would wish the Council to manage the building project. The Education Funding Agency (EFA), which is responsible for sites and buildings for Free Schools, has indicated it is prepared to enter into discussions with the Council so that it may do this via its Local Education Partnership (LEP). The funding allocation is £25.09m inclusive of ICT and fixtures and fittings. It is proposed that the Council undertake the work, via the LEP, to carry out this project as the best way of securing the Council's educational objectives. The LEP was competitively procured by the Council under the former Building Schools for the Future (BSF) to deliver the BSF programme but also to assist the Council by delivering capital projects and a range of technical and other</p>	

support services for education and a range of regeneration and housing objectives.

The freehold interests in the City Farm and District Centre sites are owned by Barking Riverside Limited (BRL). The Council is in the process of acquiring the freehold interest in the City Farm site for a peppercorn. It proposes to grant a lease of the temporary site to the Free School Trust for a peppercorn. The Council will take a 999 year lease of the District Centre site from BRL. The Council will grant a sublease of the District Centre site to the Free School Trust for a term of 125 years at a peppercorn.

Recommendations

The Cabinet is recommended to agree:

- (i) The allocation earmarked in the Capital Programme of £3m for temporary accommodation for the Riverside Secondary School be used to construct primary school facilities at the former City Farm site, to be used temporarily (until the completion of the permanent site) by the Riverside Secondary School;
- (ii) A virement of the capital sum of £1.4m from the project originally intended to support basic need in Dagenham Village to the proposed primary school on the City Farm site;
- (iii) To include the capital sum of £25.09m (inclusive of ICT and fixtures and fittings) allocated by the Education Funding Agency for the construction of permanent school facilities for the Riverside School in the Council's capital programme, subject to a formal agreements between the Education Funding Agency and Proposer and the Proposer and the Council;
- (iv) To commission the Thames Partnership for Learning Limited (the Council's Local Education Partnership (LEP)) to undertake preliminary technical work on the Temporary Site for the Riverside School and, subject to the Chief Financial Officer confirming pricing and value for money tests, to carry out the work;
- (v) To commission, subject to (iii) above, the Local Education Partnership (LEP) to carry out the technical work for the Permanent Site and, subject to the Chief Financial Officer confirming pricing and value for money tests, to carry out the work;
- (vi) To agree the freehold transfer of the City Farm site from Barking Riverside Limited to the Council on the terms set out in the report;
- (vii) To agree the leasehold transfer of the District Centre site via a 999 year lease from Barking Riverside Limited to the Council on the terms set out in the report;
- (viii) To authorise the Corporate Director of Children's Services, in consultation with the Head of Legal and Democratic Services, to agree all necessary legal agreements to achieve the freehold transfer of the City Farm site, proposed leasing arrangements for the City Farm and District Centre sites and suite of construction documents required by Education Funding Agency, including the Development Agreements and Design and Build contract;
- (ix) Agree the conversion of the temporary school site at City Farm to a permanent primary school site following construction of the permanent school at the District

Centre site;

- (x) Indicate its support to secure the proposed steel framed timber and concrete modular building for the City Farm Site to meet time and cost restraints and whether it wishes to be further informed or consulted on the progress of the procurement processes and award of the contracts for the projects, or whether it is content for the Corporate Director Children's Services, in consultation with the Chief Financial Officer, and on the advice of the Head of Legal and Democratic Services, to award the project contract set out in this report and based on the checked and independently validated prices; and
- (xi) Indicate whether it wishes to be further informed or consulted on the progress of the procurement processes and award of the contracts for the proposed concrete built new secondary school at Barking Riverside, or whether it is content for the Corporate Director Children's Services, in consultation with the Chief Financial Officer, the Head of Legal and Democratic Services and the Cabinet Member for Children's Services, to award the respective project contract set out in this report and based on the checked and independently validated prices.

Reason(s)

This decision will assist the Council in fulfilling its statutory obligations to provide a school place for every child and achieving its core values of: 'Achieving Excellence' 'Treating each other fairly and respectfully' through making school places available in appropriate settings.

1. Introduction and Background

- 1.1 The Riverside Secondary school was established as a Foundation Trust School as a result of a School Competition held in 2010. The Council acted as Adjudicator. The sponsors of the school, in the form of the Barking and Dagenham Learning Partnership comprise all secondary schools and Trinity Special School. It includes other stakeholders: members of the local community; the local NHS; Barking and Dagenham College, the University of East London and Lifeline.
- 1.2 Riverside Secondary School adheres to the Council's admissions policy.
- 1.3 The first year's intake of four forms of entry (FE) or 120 students joined the school in September 2012. Intake numbers will grow to 300 students per year to be 10 FE plus 300 –to400 sixth formers which will be the school's eventual capacity.
- 1.4 It currently shares premises with George Carey Church of England Primary School. By September 2013 Riverside School will require new premises: this is due to George Carey CofE School filling to its capacity.
- 1.5 The Riverside Secondary School is proposed to be sited permanently at the District Centre of Barking Riverside. This site will not be available until mid 2013 for construction purposes. The buildings and facilities may be completed by September 2015.
- 1.6 A Temporary Site for Riverside Secondary School has been identified at the former City Farm site (Thames Road) which is near the Permanent Site. Since it is expected that there will be sufficient demand for more primary school places in the

local area it would be prudent to create a primary school – which would offer good value for money. A map showing the sites is attached as **Appendix 1**.

- 1.7 The City Farm site is owned by Barking Riverside Limited. The freehold interest in the site is due to be transferred to the Council for a peppercorn. Following transfer, the Council proposes to grant a lease to the Free School Trust for a peppercorn to operate the temporary school.
- 1.8 The District Centre site is owned by Barking Riverside Limited. It is proposed that Barking Riverside Limited will grant a 999 years lease to the Council for a peppercorn. The Council will in turn grant a 125 years sublease to the Free School Trust for a peppercorn in respect of the permanent school.
- 1.9 The Capital Programme identifies £3m for temporary accommodation for the Riverside School and it is proposed to use this money to build a primary school on the City Farm site used in the first instance by the Riverside Secondary School. However, this budget has been identified, through the work which has been undertaken with the LEP, as needing to be increased to £4.4m. It is proposed to move £1.4m from the capital budget set aside (Minute 109, Cabinet 14 February 2012) for the purpose of providing additional school places in Dagenham Village as this project has been put on hold.
- 1.10 Members of the Proposer Group made a Free School bid to access capital needed to build a school on the Permanent Site. The bid required: canvassing of local support – which was strong; the demonstration of demand for school places - parents find it difficult to get a local secondary school place for their children. The bid was successful.
- 1.11 The Proposer's Group has indicated they would wish the Council to manage the building process. The Education Funding Agency (EFA) (which is responsible for sites and buildings for Free Schools) has agreed in principle with this on the basis that the Council has procured a Local Education Partnership (LEP) which would be able to carry out the project.
- 1.12 The EFA's funding allocation is £25.09m inclusive of ICT and Fixtures and Fittings, fees and abnormal costs.
- 1.13 The LEP was competitively procured by the Council in 2010, under the former Building Schools for the Future (BSF) programme as a Public, Private Partnership (PPP) in order to deliver the BSF programme and to assist the Council by delivering capital projects together with a range of technical and other support services for education as well as for regeneration, leisure and housing objectives. It has delivered the Dagenham Park CofE secondary school and is in the last stages of completing The Sydney Russell School. It has in addition been used to design and build social housing in the Borough.
- 1.14 Given the need to manage a complex scheme at the District Centre with wider objectives than the delivery of the secondary school buildings (it is planned to have a Special Educational Needs School and a Primary School on the site) – it is believed that Council is best placed to manage the overall project, and it has the procurement vehicle in place the LEP, and failing that it could use its Framework Contractors.

2. Proposal and Issues

- 2.1 It is proposed that the Council should use the LEP to carry out preliminary technical work and subsequently (subject to pricing and value for money tests) carry out the work to construct a three FE primary school with the option to develop up to five FE should demand require it. The budget for this project is proposed at £4.4m: £3m of which is an alternative use of the Capital Programme allocation for temporary accommodation for Riverside secondary school, as well as £1.4m to be vired (see 1.9 above). This will help meet demand for primary school places arising from new development on the Barking Riverside area. The school would be used on a temporary basis by Riverside secondary school. Options for developing the primary school buildings have been reviewed. Conventional building would cost in the region of £7m or about £2,000 per square metre (psm), deliverable by July 2014 and would require a further £1m in rental and associated works for temporary accommodation – a total of c£8m. Work on using an alternative concrete modular building indicates that it might cost around £5.5m but would be about 8% smaller to fit the concrete system than the preferred steel framed, timber and concrete modular building. The cost would be around £1,760 psm and would probably not be deliverable until the close of December 2013. Time overruns might necessitate either the hire of temporary accommodation or would restrict the ability of George Carey CofE Primary School to take additional students as new residents arrive on Barking Riverside and this needs to be avoided. The preferred modular solution (on grounds of cost and timing) would cost £4.3m, which is about £1,265 psm; which is within the budget of £4.4m and could be implemented to achieve the school opening in September 2013. This preferred steel framed, timber and concrete modular solution has a warranted life of 60 years, and is deliverable within time and financial constraints.
- 2.2 DfE has agreed the Free School bid and with this comes funding for the Permanent Site subject to the final approval of the DfE. The funding is set at £25.09m inclusive. It is proposed that this project and related finance should be added to the current Capital Programme with a proviso that these costs are met by income from the EFA and a signed agreement is put in place.
- 2.3 The Permanent Site for Riverside School has now been agreed by Barking Riverside Ltd. The site should be available for constructors in the summer (July / August) 2013. The programme for completing the project means that the school would be available for use by September 2015.
- 2.4 The Permanent Site is based on the District Centre of Barking Riverside. It will comprise of a special needs school as part of the secondary school and a primary school. The District Centre also includes retail and leisure, health and other community facilities.
- 2.5 This is a complex scheme – so it is desirable to simplify delivery by having it in as few hands as is practicable: this would be achieved if the Council handled provision of schools, and it did this via the LEP subject to the safeguards of pricing and value for money. The LEP is already procured for this purpose and moreover the secondary school on Barking Riverside was a key element in the cancelled BSF programme, so some preparatory work has been done. The Council also is best placed to ensure that its objectives for good educational provision are met. The

EFA and DfE are seeking very low accommodation standards which would inhibit the delivery of the local pedagogy. This pedagogy is aimed at giving the best educational support and thence life chances to the Borough's children.

- 2.6 The issues that arise relate to construction risk, timing, costs of alternative accommodation should the timetable not be met. The LEP's purpose is to manage construction risk – but there will be, even after all the usual risk management strategies some forms of risk which remain e.g. site availability and condition, which at present are subject to the appraisal which is under way.

3. Options Appraisal

- 3.1 The options for taking the project forward are considered below.

Option	Statutory Obligation	Timing: Sept. 2015	Capital Cost	Impact on the public	Reputation
Do Nothing	Fail and would lead to school dissolution	Fail	zero	Highly adverse places more pressure on oversubscribed schools which would be difficult to meet	Reflects badly on the Council would delay Barking Riverside Development
Place the responsibility with the Free school Trust and the EFA	This would be met – but the provision would be controlled by EFA and would be below BB98	Possible	As per allocation £4.4m for temporary school. The permanent school build would cost £25m but would not be a maintained school.	School facilities would not support the pedagogy and would not incorporate special needs	Future development schools might be problematic at the District centre
LBBB undertakes the procurement and secures delivery via the LEP	Meets obligation	Possible	As per allocation £4.4m for a modular school and £25m for secondary school, again this would not be a maintained school.	The school building would support the school's pedagogy and would be compatible with special needs	Would meet expressed local parental support and would reflect well on the Council

- 3.2 Options for the Council to procure technical advice and delivery are:

In – house: this means procurement via the framework contracts; the issue here is that the EFA would consider that a non – LEP solution would be better handled by the EFA

LEP: procurement is already complete for delivery of (a) the technical service which can be got under way initially by using the LEP's resources and b) there is the prospect of innovatory delivery: it is in the LEP's interest to succeed in this project

since it could well improve its supply chain's future prospects of winning work from the EFA.

- 3.3 It is concluded that the most economic, efficient and effective provision would be to commission the LEP for the technical site appraisal and then subject to the options proposed for future development, price and value to work with the LEP to deliver both the primary school scheme on the City Farm site and the Riverside Secondary School scheme on the Permanent Site at the District Centre on Barking Riverside.

4. Consultation

- 4.1 Consultation has taken place with the Riverside Secondary School Head Teacher and Governing Body; with the Divisional Director of Regeneration; with representatives of the LEP, Barking Riverside Ltd, and the Education Funding Agency.

5. Financial Implications

Completed by: Dawn Calvert, Finance Group Manager

- 5.1 The temporary accommodation for the Riverside School was initially estimated to cost £3m and funding was ear marked from within the basic needs capital allocation (approved by Cabinet in November 2012). The estimated cost has since increased to £4.4m. In February 2012, Cabinet approved a sum of £1.4m to provide additional school places at Dagenham Village. This project has been put on hold and this report requests a virement of the £1.4m Dagenham Village funding to fund the increased cost of the temporary accommodation for the Riverside School.
- 5.2 Upon completion the temporary accommodation will be leased to the Riverside Secondary School who will take on responsibility for all day-to-day revenue expenses. The Riverside Secondary School receive their revenue funding from the Dedicated Schools Grant.

6. Legal Implications

Completed by: Eldred Taylor-Camara, Legal Group Manager

- 6.1 The report seeks approval for the freehold acquisition of the City Farm site, disposal of the Permanent and Temporary Sites (by way of leases for a peppercorn), funding and construction of schools to meet the demand for school places and the Council's statutory obligation.
- 6.2 Section 123 Local Government Act 1972 (as amended) enables the Council to dispose of land in any manner, with the consent of the Secretary of State, for consideration less than the best that can reasonably be obtained. Local authorities can dispose of land at undervalue if it helps to secure the promotion or improvement of the economic, social or environmental well-being of its area provided the undervalue does not exceed £2m.
- 6.3 Although the LEP was competitively procured by the Council it has the capability of delivering this project. However, given that the building works are being carried out on behalf of the Proposers, it is imperative before the Council instructs the LEP that

the Proposers have executed the formal agreements with the EFA on the capital funding and the LEP is informed under the New Project Approval Process contained within the Strategic Partnering Agreement of the terms and condition on which these works are to be carried out for the Council.

7. Other Implications

- 7.1 **Risk Management** - The proposed course of action attempts to minimise the risk to the Council of a breach of its obligation to provide a school place for every child. There remains a risk related to timing of availability of the Temporary Site. This will be ameliorated by moving rapidly on the course of action proposed.
- 7.2 **Contractual Issues** - The main issues are as set out in the report and identified in the Risk Assessment.
- 7.3 **Staffing Issues** - There are no direct issues but there will be new opportunities for employment and creating jobs as the school grows taking in additional pupils.
- 7.4 **Customer Impact** - the impact on customers should be positive: see 7.5 below.
- 7.5 **Safeguarding Children** - This proposal will enhance well being, lead to a reduction of inequalities, improve safeguarding, by providing a local school place for local parents and children
- 7.6 **Health Issues** - The proposals are likely to have a positive impact on the health of children and families.
- 7.7 **Crime and Disorder Issues** -There are no specific issues arising
- 7.8 **Property / Asset Issues** - The proposal depends on the freehold acquisition of the Temporary Site at which is under way at little or no cost. The proposal also requires the leasehold acquisition on a 999 year lease of the Permanent Site. The proposal involves the investment of around £4.4m in new buildings at the temporary Site and £25.09m for the Permanent Site at the proposed District Centre.

Background Papers Used in the Preparation of the Report:

- Cabinet Report and Minute 109, 14 February 2012. Re: Schools Capital Programme Basic Needs Allocation
- Cabinet Report and Minute 51, 13 November 2012. Re: Schools Capital Programme Basic Needs Allocation

List of appendices:

Appendix 1 - Map 0001 Showing Proposed site locations

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CABINET

12 February 2013

Title: Proposed Expansion of Schools from September 2013	
Report of the Cabinet Member For Children's Services	
Open Report	For Decision
Wards Affected: Longbridge, Mayesbrook, Alibon, Parsloes and Becontree.	Key Decision: Yes
Report Author: Mike Freeman, Group Manager – Schools Estate and Admissions	Contact Details: Tel: 020 8227 3492 E-mail: mike.freeman@lbbd.gov.uk
Accountable Divisional Director: Jane Hargreaves, Divisional Director of Education	
Accountable Corporate Director: Helen Jenner, Corporate Director of Children's Services	
<p>Summary:</p> <p>At its meetings on 10 May 2011 (Minute 133) and 14 February 2012 (Minute 109), Cabinet approved the allocation of funding within the Capital Programme to support an investment programme to respond to the demand for additional school places in the primary and secondary age range. The reports to the aforementioned meetings, together with several previous reports, outlined interim arrangements that had been agreed with Head Teachers and Governing Bodies to meet immediate demand issues at a number of the Borough's schools. This report seeks to formalise those arrangements through the permanent expansion of schools.</p> <p>The benefits of this proposal will be to increase school places in both the primary age range and in the secondary age range in order to meet the increasing demand for school places. This increase in demand for school places is being caused by the changes experienced in the age profile of the Borough, most notably the rise in birth rates and changes in migration patterns into the Borough.</p> <p>Wards Affected: Longbridge, Mayesbrook, Alibon, Parsloes and Becontree.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to agree to the formal expansion of Schools as follows:</p> <ul style="list-style-type: none"> (i) The Sydney Russell Comprehensive School To expand from ten to twelve forms of entry from 1 September 2013. (ii) Manor Infant School (Sandringham Rd) To expand from four to five forms of entry from 1 September 2013. 	

- (iii) Manor Junior School (Sandringham Rd)
To expand from four to five forms of entry from 1 September 2016
- (iv) Roding Primary School (Cannington Rd)
To expand from three to four forms of entry from 1 September 2013.
- (v) Richard Alibon Primary School
To expand from two to three forms of entry from 1 September 2013.

Reason(s)

To assist the Council in achieving its Community Priority of “Inspired and Successful” and in fulfilling its duty to provide every child in the Borough with a school place.

1. Introduction and Background

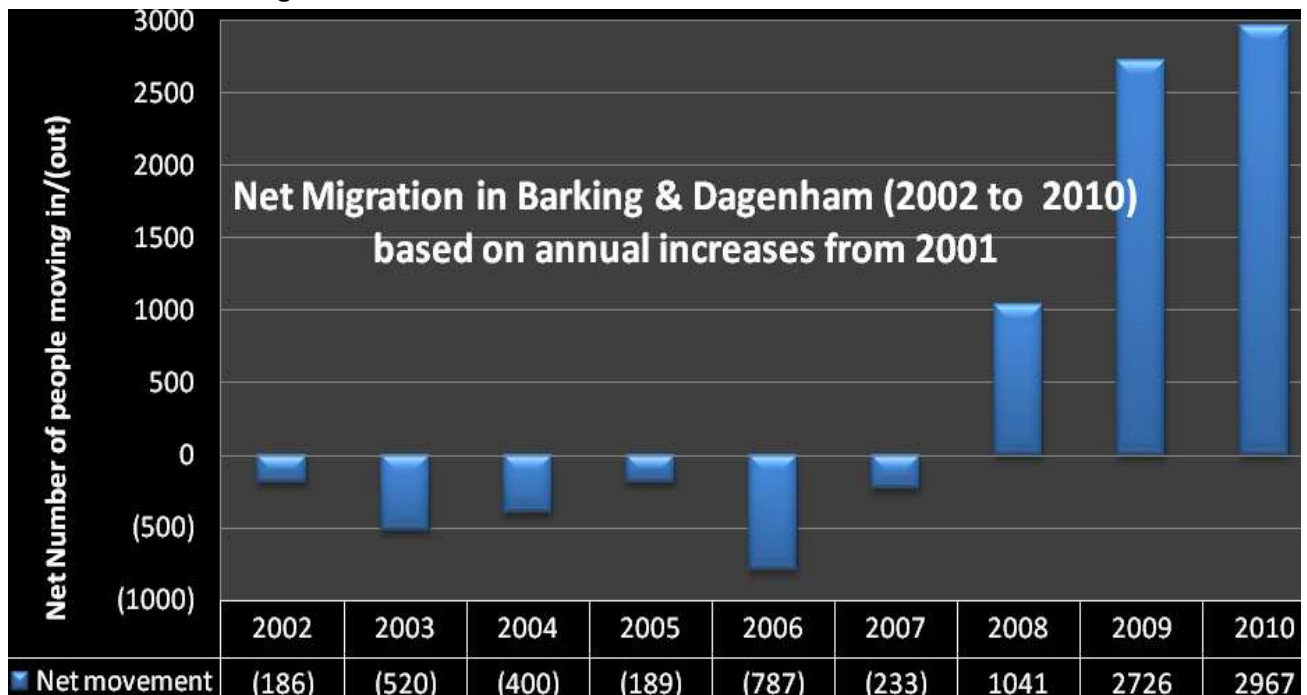
- 1.1 The Council has planned for steady expansion of school places over the past few years and the additional school places that have been created to date have predominantly been in the primary sector as this has been where the increase in demand has been. The Council will now start to embark on creating more pupil places in the secondary sector as the year groups move up from the primary sector and transfer over into the secondary sector. This will be in addition to continuing to increase school places in the primary sector as demand is forecast to continue to rise. Demographic data is used to ensure the right number of school places are available.
- 1.2 As reported to Cabinet on 22 May 2012 (Minute 5 refers), the Borough has seen an unprecedented rise in births since 2003/04 and the impact of this was first seen in the Reception Cohort in 2008/09.
- 1.3 Additional classes have been put in place since 2007/08 in order to meet the increased demand for pupil places and this has been detailed in previous reports to Cabinet. For this Academic Year, 112 additional primary classes across the Primary sector have been created since we started the expansion programme. These additional classes have been managed by a combination of expansions, blip classes and the new George Carey Church of England Primary School that will be increasing the number of classes it provides year on year. In the Secondary sector, twenty additional Year 7 places have been provided at Dagenham Park Church of England School and four Year 7 classes have been provided at the new Barking Riverside School that opened in September 2012. These four Year 7 classes are based at the George Carey Church of England Primary School as a temporary measure for one year.
- 1.4 The expansions planned are as follows:
 - the Roding Primary expansion by 1 Form of Entry on the Cannington Road site;
 - the Sydney Russell expansion by 2 Forms of Entry;

- the Manor Infants expansion by 1Form of Entry on the Sandringham Road site;
- the Manor Juniors expansion by 1 Form of Entry on the Sandringham Road site;
- the Richard Alibon expansion by 1 Form of Entry.

1.5 Also, as reported to Cabinet on 22 May 2012, in addition to the increased births, the Admissions Team in Children’s Services are continuing to receive high numbers of late applications for Reception age and Year 1 children and this has compounded the difficulty in planning for the right number of school places, as this relates to new people moving into the Borough.

1.6 A further issue previously reported to Cabinet is the change in the retention rate regarding the number of children born in the borough requiring a Reception place. This is now at 107% compared to five years ago when the retention rate was 100.1%. This and the information set out above high-lights the number of new residents moving to the Borough with larger families. This is backed by data from the Office for National Statistics and the GLA that shows a growth in migration into the borough (see chart 1 below).

Chart 1 – Net Migration from 2002 to 2010



Source: GLA Net Migration figures December 2012

1.7 Further, it was reported by the GLA that Barking & Dagenham had the largest population growth in 2010. Table 1 below details the change in the 0 to 15 year age band.

Table 1: Detailed Components of Population Change (0 to 15 years of age)

Year	Population (for 0-15 Years of Age)	Change in population (5yr, 2yr and 3yr)	Cumulative change (Base Year - 2001)	% Change (5yr, 2yr and 3yr)	Cumulative % Change (Base Year 2001)
2001	36,200				
2005	39,100	2,900	2,900	8.0%	8.0%
2007	40,600	1,500	4,400	3.8%	12.2%
2010	44,700	4,100	8,500	10.1%	23.5%

Source: Office for National Statistics

Date: 25 September 2012

- 1.8 This increase in pupil numbers is being reflected in many London boroughs including our neighbouring boroughs Redbridge, Newham and, to a lesser extent, Havering.
- 1.9 The Cabinet has previously approved a range of necessary actions taken by the Corporate Director of Children’s Services to respond to the demand for additional school places in the primary phase, and these proposals endorse the earlier decisions.
- 1.10 Meetings with the Chair and Board of Governors of the schools have been held over the past year to discuss the wider proposals and support was received to expand the schools permanently from 1 September 2013 subject to accommodation provision being made available which met each of the Schools requirements. This will allow the schools to grow year on year.
- 1.11 The discussions that have followed with each School Governing Body, parents and the local community have placed the schools in a position to permanently expand their intake (as set out in section 2.1 below) and therefore formalise the interim arrangements for Richard Alibon Primary School and Roding Primary School (Cannington Road), whilst allowing The Sydney Russell Comprehensive School, Manor Junior School and Manor Infant School (both at Sandringham Road) to also expand to meet current and future demand.
- 1.12 Council officers and representatives of the schools have worked together to move forward the necessary building improvements in order to enhance provision and support the objectives of the schools. Capital budget provision has been agreed for these schemes as part of the Capital Programme, using grant income allocated from the DfE.
- 1.13 A series of meetings have been held at each of the schools including meetings with teaching staff, personnel committee meetings, other various school committee meetings and Governing Body Meetings where plans for building refurbishments have been presented.
- 1.14 Letters were sent to Parents, Carers and Guardians of Pupils, Staff and Governors of each of the schools informing them of the proposal to expand the school and the reasons for this on 26 October 2012. Unions were copied into these letters.

- 1.15 The Council has published a formal statutory notice to expand the schools with effect from the start of the Autumn Term, 1 September 2013 with standard new admission numbers as set out in section 2.1 below in each year group. The notice was published in the local press on 22 December 2012 and copies of the notice were displayed in each of the schools and both Barking Library and Dagenham Library and also sent to other neighbouring local authorities. The notice period expired on 18 January 2013.
- 1.16 At the time of writing this report, two responses have been received following the published notice and the letter sent to parents, carers and guardians of pupils, staff and governors of the school.
- 1.17 The letters, one from a parent of children at Manor Infant School and one from a parent of children at Sydney Russell Comprehensive School, made reference to the following:

Manor Infant School

- a higher number of children for staff to be responsible for;
- a greater volume of traffic will ensue.

Sydney Russell Comprehensive School

- concern as to whether the school would be able to manage with an increased number of pupils;
- questioned why some other secondary schools in the borough were not at full capacity.

- 1.18 Any further responses received subsequent to the writing of this report will be reported at the meeting.

2. Proposal and Issues

- 2.1 The expansion proposals are as follows:

- The Sydney Russell Comprehensive School
To expand from ten to twelve forms of entry.
Additional classroom spaces have been provided as part of the previous BSF Programme. The proposed Admission Number will be 360.
- Manor Infant School (Sandringham Road)
To expand from four to five forms of entry by providing a new classroom block.
The proposed Admission Number will be 150.
- Manor Junior School (Sandringham Road)
To expand from four to five forms of entry by providing a new classroom block.
The proposed Admission Number will be 150. The additional year group is expected to be from September 2016, when the infant expansion cohort moves up to Year 3. (Note: The accommodation provision at the Sandringham Road Site is being explored on a shared basis.)

- Roding Primary School (Cannington Rd)
To expand from three to four forms of entry by providing a new classroom block.
The proposed Admission Number will be 120.
- Richard Alibon Primary School
To expand from two to three forms of entry by providing a new classroom block.
The proposed Admission Number will be 90.

- 2.2 This is in line with the Council's Policy House whereby we want a borough that believes in opportunity and one that recognises and champions success, where people can look to the future with confidence, assured that their council will do what it can to provide the educational, academic and vocational opportunities they need.
- 2.3 The outcome would be for a borough with excellent schools, constantly improving and which are growing to meet the demands for pupil places.
- 2.4 Further, this proposal meets with the Education Strategy whereby the overarching responsibility for Education in the Borough is to improve the life chances and help drive, support and fulfil the ambitions of all the children, young people and adults who live and study here.
- 2.5 In particular the Education Strategy sets out the agreement for a programme for developing school places subject to the proviso that it may need revision in the light of changed demand for places and resources available.

3. Options Appraisal

- 3.1 **Do Nothing** - This is not practical due to the legal and statutory obligation placed on the Council to provide sufficient school places and the pressures currently faced across the Borough.
- 3.2 **Expansion of Schools** - This preferred option has the support of each School's Governing Body and local community and forms part of the wider development of the Schools for which funding has been made available within the Capital Programme.

4. Consultation

- 4.1 As set out in Section 1 of the report, discussions have been held with the head-teachers of each of the schools regarding the expansion of the school, letters were sent to all parents, carers and guardians, members of staff and members of the governing body for each of the schools allowing them six weeks to put forward any comments or views. Trade Unions were copied into the letters.
- 4.2 A formal statutory notice was published in The News on 22 December 2012 regarding the proposal to expand the schools with effect from 1 September 2013 (1 September 2016 for Manor Junior School) allowing a further four weeks for views to be brought forward.
- 4.3 Ward Councillors were sent details as part of the consultation process.

5. Financial Implications

Completed by: Dawn Calvert, Finance Group Manager (Adult and Community Services and Children's)

- 5.1 Over the last year, Central Government has announced £75.567m of capital funding to support the Council's School and other children's services estate and to provide for the additional capacity to support school place demand. The breakdown of this announced funding is detailed below:

Redirected Basic Need Allocation (Nov 2011)	£23,914,831
Basic Need Allocation (2012/13)	£21,890,118
Additional Basic Need (2012/13)	<u>£29,762,837</u>
TOTAL	£75,567,786

- 5.2 On 14 February 2012, Cabinet approved spend of £15.6m. The balance of £60m, was approved by Cabinet on 13 November 2012. The schemes referred to in this report (section 1.4) were included in the approved spending plan of £15.6m with the exception of Sydney Russell which was approved at Cabinet in May 2011.

6. Legal Implications

Completed by: Lucinda Bell, Safeguarding Lawyer

- 6.1 The Council has a duty under Section 14 (1) of the Education Act 1996 to ensure the provision of "sufficient schools" for the provision of primary and secondary education in their area (Education Act 1996, section 14).
- 6.2 School organisation proposals and decisions must follow the statutory framework set out in The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007, as amended. These prescribe details for publishing proposals, consultation, a period for objecting and commenting and the consideration and determination of proposals. They also impose a duty to have regard to related guidance issued by the Department for Education.

7. Other Implications

- 7.1 **Risk Management** - The Council has a statutory obligation to make provision for additional pupil places in the Borough and these proposals mitigate Corporate Risk 31 - the risk of failing to provide suitable numbers of places for pupils' learning.
- 7.2 **Staffing Issues** - The schools will need to increase the numbers of teaching and non-teaching staff to support the increase in pupil numbers. This will be funded through the school's DSG budget and the increased share which the school will receive.
- 7.3 **Customer Impact** - The increase in pupil places at the above listed schools will improve the available places for parents expressing a preference for their children to attend the aforementioned schools. It will also ensure that pupils have better access to education provision in both the secondary sector and primary sector and are more likely to be able to attend schools in their local area.

- 7.4 **Safeguarding Children** - Adoption of the recommendation would contribute strongly to the Council's objectives to improve the wellbeing of children in the borough, reduce inequalities and ensure children's facilities are provided in an integrated manner, having regard to guidance issued under the Children's Act 2006 in relation to the provision of services to children, parents, prospective parents and young people.
- 7.5 **Property / Asset Issues** - Where necessary, as detailed above, the schools are in the process of being expanded with either new classrooms added or through internal and building alterations to meet the increased size of the school.

Background Papers Used in the Preparation of the Report:

- Legislation which allows this – Education and Inspections Act 2006 and The School Organisation (Prescribed Alterations to Maintained Schools) (England) Regulations 2007, as amended.
- DfE Guidance: Expanding a maintained mainstream school by enlargement or adding a sixth form.
- Consultation letters dated 26 October 2012.
- Notice Published 22 December 2012.
- Previous Cabinet Reports: 22 May 2012 [Minute 5], 14 February 2012 [Minute 109], 18 October 2011 [Minute 51], 10 May 2011 [Minute 133], 16 March 2010 [Minute 139].

List of appendices: None.

CABINET

12 February 2013

Title: Collective Fuel Switching Scheme	
Report of the Cabinet Member for Housing	
Open Report	For Decision
Wards Affected: All	Key Decision: Yes
Report Author: James Goddard, Group Manager – Housing Strategy	Contact Details: Tel: 020 8227 3738 E-mail: james.goddard@lbbd.gov.uk
Accountable Divisional Directors: Ken Jones, Divisional Director of Housing Strategy	
Accountable Director: Darren Henaghan, Corporate Director of Customer Services	
<p>Summary:</p> <p>The Department for Energy and Climate Change recently estimated that 9,000 households in Barking and Dagenham suffer from fuel poverty by spending more than 10% of their income heating their homes and it is predicted that domestic dual fuel bills may increase by 21% in 2013. Given this and that the Council is committed to helping local households through these tough economic conditions, there has been a focus from the Housing and Environment Department to help tackle fuel poverty by leveraging in external investment to insulate homes and improve energy efficiency.</p> <p>This report recommends the establishment of a collective fuel switching pilot with an international switching broker called iChoosr. Collective fuel switching is a method of forcing market change and reducing gas and electric prices supported by a majority of consumer watchdogs, progressive movements and the Department for Energy and Climate Change.</p> <p>The report sets out the basic framework in which the Council can use its trusted brand to support a pilot, encouraging residents to actively participate in a scheme to reduce their fuel bills, potentially by up to £200 a year, with minimal effort.</p> <p>The fuel switching scheme will compliment the Council's extensive insulation programme as well as the Warmer Homes, Healthy People project action plan drawn up with the voluntary sector to provide affordable warmth, practical assistance and referral routes for those who are fuel poor or at risk of winter-related illness.</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to agree that the Council, in partnership with Thurrock Council, enters into an agreement with the international switching broker iChooser for the introduction of a collective fuel switching pilot for the benefit of residents in Barking and Dagenham and Thurrock, on the terms detailed in the report.</p>	

Reason(s)

To assist the Council in achieving its Community Priorities of 'Raising Family Incomes'.

1. Introduction and Background

- 1.1 Britain's six major energy suppliers recently announced fuel energy prices will rise by as much as 21% in 2013 meaning that the number of fuel poor households in Barking and Dagenham could significantly rise from the current 13.5%.
- 1.2 With 9,000 households estimated to be spending 10% or more of their incomes on heating and with continuing economic difficulties pressurising household budgets the challenge of assisting residents in driving down their costs has never have been greater.
- 1.3 Although the Council is actively engaged with delivery agents and energy suppliers to roll out loft, cavity and solid wall insulation across all tenures to provide affordable warmth, we need to positively encourage residents to examine the cost of their fuel tariffs as part of a holistic strategy which recognises public health objectives such as reducing seasonal health inequalities.
- 1.4 Fuel switching will help tackle fuel poverty by ensuring residents have access to some of the lowest fuel tariffs in the market. It will compliment our priorities of increasing thermal comfort and reducing excess cold winter deaths thorough insulating properties as well as mitigating against energy waste by encouraging energy efficiency and reduced fuel consumption.
- 1.5 The purpose of this report is to provide a brief overview of the proposal for fuel switching, how it works and set out financial, legal and other implications.

2. Proposal and Issues

- 2.1 Collective fuel switching is a relatively new innovation in the UK and is being tested on scale through pilots being run by a Belgian company called iChoosr. Following their success in the Netherlands and the Low Countries, the British pilots have the backing of the Department of Energy and Climate Change, the GLA and the statutory watchdog, Consumer Focus.
- 2.2 The basic model encourages consumers to register a 'no obligations' interest online over a two month period and the broker, iChoosr, acts as the communications intermediary allowing energy suppliers to offer deals over the period of a one-day auction. Suppliers will be able to out-bid a rival and the lowest offer on the table will then be put to consumers as a one year dual fuel contract.
- 2.3 It will be for the consumer to accept the offer and those who do will be given a statutory 30 day cooling-off period. When that contract expires, those registered can participate again in another auction the following year.
- 2.4 The local authority and local voluntary sector organisations, with their ability to reach wider audiences, will have a sign-posting role only. The boroughs and third sector agencies will use their trusted brands to promote the scheme in the interest of reducing fuel bills and assisting households in moving away from expensive

standard tariffs and pre-pay meter arrangements. Discussions have taken place with local voluntary sector organisations such as DABD, CAB, CVS, the Volunteer Bureau and the Credit Union who have expressed a strong commitment to participate with the Council to help tackle fuel poverty.

- 2.5 The Council will use a small budget to promote the scheme and register hard-to-reach groups over a two month period in the run-up to the one-day auction date, expected to be in the first week of April 2013. There will be no role in administration, billing, contracts or arrears.
- 2.6 The scheme would be open to all residents of the Borough and all staff members. The inclusion of Thurrock in the scheme provides a wider consumer base, almost doubling the potential bulk market from 70,837 households to 129,322. This makes the scheme more attractive to suppliers as the purchasing power is stronger and should encourage lower price offers and additional discounts.
- 2.7 The Councils will share in a small fee (potentially £10) awarded to the broker by the winning energy supplier for each household that switches and that remuneration will be reinvested in promoting future switching cycles in the programme.

3. Options Appraisal

- 3.1 As an innovative new project there are few alternative models to compare and iChoosr are an exemplar in their field, which is why a large number of local authorities are using them to test such pilots.
- 3.2 Failure to engage in this scheme will compound the financial difficulties suffered by the fuel poor in Barking and Dagenham and Thurrock and would represent a missed opportunity to encourage residents to responsibly engage in managing their finances and ensuring the energy market becomes more competitive.

4. Consultation

- 4.1 The proposal has been discussed with the Cabinet Member for Housing and members have been briefed informally. Thurrock Council's Director of Housing and relevant members have also agreed to progress with this scheme and all relevant procurement, legal and communications departments and voluntary sector organisations involved have been consulted.

5. Financial implications

Implications verified by: Jon Bunt, Divisional Director of Finance

- 5.1 In consultation with procurement services, this report notes that a competitive tendering process for the appointment of iChoosr was not deemed necessary because the scheme is run at no cost to the Council, all bar the authority voluntarily providing a small amount of funding to promote it in the borough.
- 5.2 Although the authority will receive a small remittance for each household that switches which will be reinvested in the publicity scheme, procurement services have confirmed that no gain-share consequences arise.

6. Legal Implications

Implications verified by: Eldred Taylor-Camara, Legal Group Manager

- 6.1 Cabinet's approval is being sought to enter into an agreement with an intermediary, iChooser, for the collective fuel switching scheme pilot.
- 6.2 The Public Contracts Regulations allows local authorities to enter into contracts with providers, following a competitive tendering process, and to select a provider to provide particular goods or services.
- 6.3 This Report however indicates that the scheme will be made available to residents of the borough at no financial cost to the Council, and to residents on a no obligation basis. Residents have the option of registering with iChooser to be part of the scheme, and thereafter the option to accept or reject offers made by energy suppliers.
- 6.4 There will not be any procurement undertaken by the Council for the delivery of the fuel switch scheme as it is offered at no cost to the Council. The Council will however enter into an agreement with iChooser which will incorporate their warranties, liabilities and indemnities to the Council. This will offer legal protection to the Council in relation to the scheme they are providing.
- 6.5 In deciding whether or not to approve proposed scheme, Cabinet must satisfy itself that the proposed agreement will represent value for money for the Council.

7. Other Implications

- 7.1 **Risk Management** - The most significant risk is that the Council's reputation suffers as a consequence of this project and that negative publicity ensues. However, providing that the Council's role is clearly defined as sign-posting residents to the opportunity of lower fuel bills through the scheme and that the promotional material is transparent in its explanation of how the switch works, such risks should be minimised.
- 7.2 **Contractual Issues** - This report seeks approval for the Legal Practice to enter into agreements regarding the operation of the scheme and the remittance awarded to the borough per household that switches.

The broker anticipates that the next large-scale one-day auction is due to take place in early April 2013 meaning that failure to sign agreements will exclude Barking and Dagenham from the scheme and disenfranchise residents from the opportunity to cut their fuel bills.

- 7.3 **Staffing Issues** - Although iChoosr administer the entire customer experience, it is important to note that there will be internal staffing requirements covering registration, publicity and promotion, overseeing and monitoring the project, legal support and tenant engagement and consultation events.
- 7.4 **Safeguarding Children** - There are no safeguarding children implications.
- 7.5 **Customer Impact** - The projected 21% increase in fuel bills will affect most people however it will have a greater impact on low income households who tend to live in poor energy efficient housing.

With 9,000 fuel poor households in Barking and Dagenham, a fuel switching scheme should proactively encourage residents to examine the price of their fuel bills and drive down their costs.

The support of the voluntary sector in rolling-out registration represents a dedicated effort to target the scheme at vulnerable households identified by their services including those in receipt of benefits and hardship funds.

The registration process also seeks to target the elderly who maybe anxious about internet usage; BME community groups who may not speak English as a first language and where possible allow residents who are paying 15% more on their bills using pre-pay meters access to the scheme also.

The transparency of the promotional material and website will also be critical to ensure that no accusations of mis-selling can arise.

With these risks managed it is not considered that there will be a negative customer impact from the promotion of collective fuel switching.

7.6 Health Issues - The proposed scheme will have a positive impact on health issues locally and recognises the need to reduce seasonal health inequalities. The fuel switch seeks to increase thermal comfort, reduce excess winter cold deaths and lower fuel tariffs and therefore alleviate the level of fuel poverty in the borough.

7.7 Crime and Disorder Issues - There are no identified crime and disorder issues.

7.8 Property and Asset Issues - There are no identified property or asset issues.

Background Papers Used in the Preparation of the Report:

- Ofgem guidance on Collective Fuel Switching May 2012:
<http://www.ofgem.gov.uk/Markets/RetMkts/Compet/Documents1/collective%20switching%20open%20letter.pdf>
- Letter to local authorities on collective fuel switching from Rt Hon Ed Davey MP, Secretary of State for Energy & Climate Change:
<http://www.decc.gov.uk/assets/decc/11/funding-support/5944-letter-from-edward-davey-to-local-authority-ceos-o.pdf>
- South Lakeland District Council collective fuel switching website for first UK pilot:
<http://southlakeland.ichoosr.com/Product/index.rails?actionId=232>

List of Appendices: None

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