

Medium Term Financial Strategy 2011-2020

31 October 2011

	2011/12 Revised	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total £'000	Adjustments / Comments
Budget increases:											
Corporate obligations/implications of economic climate:											
Pension Fund revaluation	500	500	500	-	-	-	-	-	-	1,500	As advised by Council's Actuary
ELWA Levy	689	800	-	-	-	-	-	-	-	1,489	Confirmed figures from D.Henaghan
LFEPA Resilience Levy	17	-	-	-	-	-	-	-	-	17	Additional Levy in 11/12 onwards
Concessionary Fares	1,046	350	-	-	-	-	-	-	-	1,396	Statutory requirement needed for base budgets
Carbon Reduction Commitment	400	-	130	-	-	-	-	-	-	530	Potential element in 12/13 onwards
Inflation - Staff costs	-	-	-	-	-	-	-	-	-	-	Assume current pay freeze
Inflation - Non Staff	-	1,000	1,000	2,000	3,000	3,000	3,000	3,000	3,000	19,000	Nominal allocation to cover uncontrollable cost-price inflation including energy costs
	2,652	2,650	1,630	2,000	3,000	3,000	3,000	3,000	3,000	23,932	
Financial implications of member approved decisions:											
Capital Programme - capital financing costs current (as agreed in MTFS Feb 10)	2,250	2,250	-	-	-	-	-	-	-	4,500	Reflects borrowing costs of approved capital programme
Dagenham Library and One Stop Shop	600	-	-	-	-	-	-	-	-	600	Reflects borrowing costs of approved capital programme
Becontree Heath Leisure Centre	-	400	-	-	-	-	-	-	-	400	Reflects borrowing costs of approved capital programme
Youth Access Card	278	-	-	-	-	-	-	-	-	278	Reflects approved budget
	3,128	2,650	-	-	-	-	-	-	-	5,778	
Financial implications of Future Investment:											
Local & National Elections	(190)	-	-	-	-	-	-	-	-	(190)	Need to establish an Election reserve to hold an annual 60k budget.
Temporary Accommodation	285	-	-	-	-	-	-	-	-	285	Reflects approved budget
Provision for future investment and risks	-	750	750	750	500	250	-	-	-	3,000	An additional contingency to cover unknown pressures that must be supported
Affordable level of internal investment in the capital strategy	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	8,000	25 year portfolio to build our long term capital strategy
	95	1,750	1,750	1,750	1,500	1,250	1,000	1,000	1,000	11,095	
Investment required to ensure budget is robust:											
Corporate provision to cover redundancy costs	2,000	(1,000)	(1,000)	-	-	-	-	-	-	-	£2m budget in 11/12 - no needed if we can capitalise redundancies
Replenishment of general reserves (£1m in base for 2009/10)	(1,500)	(1,500)	-	-	-	-	-	-	-	(3,000)	Staggered removal of reserve top up, once reserves are re-established
Insurance Reserve	-	(1,000)	1,000	-	-	-	-	-	-	0	Reduction in Insurance reserve to assist in reducing the Budget Gap.
Transformation Reserve/Board - ITS	1,000	-	(1,000)	-	-	-	-	-	-	-	Budget to build ITS pot - to be managed by the transformational team.
Children's Social Care - Placemement Budgets	-	1,500	-	-	-	-	-	-	-	1,500	Acute demand pressure for Childrens Social Care provision over the available Budget
Review of Corporate Procurement	-	2,000	3,000	-	-	-	-	-	-	5,000	Procurement pressures with loss of JV savings
Olympics	250	-	(250)	-	-	-	-	-	-	-	Additional pressure as per CLG
Review of Leisure services in Barking	-	100	200	300	-	-	-	-	-	600	Acute Pressure in Support of Axe Street Leisure Centre
Revs & Bens Bad debt provision	-	-	-	-	-	-	-	-	-	-	Budget pressure due to overpayment income increasing
Realignment of HRA Recharges	-	2,500	-	-	-	-	-	-	-	2,500	Correction of unjustified recharges to the HRA to fund the One Stop Shop & Call Centre
People Board Fund	250	(250)	-	-	-	-	-	-	-	-	One year investment in HR
Contingency to cover budget risks	4,551	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	32,551	Contingency used to cover budget risks exposed in setting budget for Council Tax
	6,551	5,850	5,450	3,800	3,500	3,500	3,500	3,500	3,500	39,151	
Total Additional Costs (A)	12,426	12,900	8,830	7,550	8,000	7,750	7,500	7,500	7,500	79,956	
Change in Income Funding											
Formula Grant	(9,594)	(6,396)	(6,000)	(5,000)	(5,000)	1,000	1,000	1,000	1,000	(27,990)	Actual formula grant reduction as per Settlement
Specific Grants	(6,441)	(1,381)	(685)	(1,000)	(1,000)	1,000	1,000	1,000	1,000	(6,507)	Reduction in Specific grants as per Settlement
Area Based Grant	(5,633)	0	0	0	0	0	0	0	0	(5,633)	Reduction in ABG not included in FG & SG above
NHS Grants	2,432	(122)	0	0	0	0	0	0	0	2,310	Assume LBBB will receive as per settlement - Pending DoH Confirmation
Council Tax Freeze Grant	1,315	1,315	-	0	(1,315)	0	0	0	0	1,315	Freezing CT Equivalent of a 2.5% increase
New Homes Bonus Grant	355	500	500	500	0	0	(355)	0	0	1,500	Additional New Grant - Figure calculated using DCLG calculator
Change in Council Tax base	1,111	0	0	0	0	0	0	0	0	1,111	Increase in CT base
Reduction in Collection Fund deficit	690	0	0	0	0	0	0	0	0	690	Addresses historic deficit
Total Change in Income (B)	(15,764)	(6,085)	(6,185)	(5,500)	(6,000)	3,315	2,960	3,315	3,315	(26,629)	
Budget Gap (A less B)	28,190	18,985	15,015	13,050	14,000	4,435	4,540	4,185	4,185	106,585	
											↓ ↓ ↓ Total £47.1 Million
Savings:											
Departmental Savings											
Departmental savings	25,190	15,046	5,724	689	-	-	-	-	-	46,649	Savings Proposed by Departments to close Budget Gap
	25,190	15,046	5,724	689	-	-	-	-	-	46,649	
Corporate Savings and Efficiency											
Procurement (JV) Savings	3,000	4,000	5,000	-	-	-	-	-	-	12,000	Target Joint venture savings - from December 2010 onwards
Average 3% service efficiency for all services from 2014/15	-	-	-	-	4,000	4,000	4,000	4,000	4,000	20,000	Ongoing Efficiency targets post delivery of the current departmental targets
	3,000	4,000	5,000	-	4,000	4,000	4,000	4,000	4,000	32,000	
Total Savings	28,190	19,046	10,724	689	4,000	4,000	4,000	4,000	4,000	78,649	
Budget Gap including savings	0	(61)	4,291	12,361	10,000	435	540	185	185	27,936	
											↓ ↓ ↓ Total £16.6 Million