

Medium Term Financial Strategy 2012-2020

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Adjustments / Comments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Budget increases:									
Corporate obligations/implications of economic climate:									
Pension Fund revaluation	500	500	500	500	500	-	-	-	As advised by Council's Actuary
ELWA Levy	800	700	700	700	-	-	-	-	Increased costs
Concessionary Fares	350	-	-	-	-	-	-	-	Statutory requirement needed for base budgets
Carbon Reduction Commitment - SPARE	-	130	-	-	-	-	-	-	Potential element in 12/13 onwards
Inflation - Staff costs	-	1,000	1,000	-	-	-	-	-	Assume current pay freeze
Inflation - Non Staff	1,000	-	-	3,000	3,000	3,000	3,000	3,000	Nominal allocation to cover uncontrollable cost-price inflation including energy costs
Welfare Reform	-	300	-	-	-	-	-	-	Impact of localisation act 2011
Council Tax Collection	-	200	-	-	-	-	-	-	To respond to the reduction in court cost income caused by increased collection rates
Temporary Accommodation	-	500	250	-	-	-	-	-	To meet the increased demand for accommodation
Temporary Accommodation bad debt provision	-	500	-	-	-	-	-	-	The need to provide for bad debt is due to the introduction of the Universal Credit system
	2,650	3,830	2,450	4,200	3,500	3,000	3,000	3,000	
Financial implications of member approved decisions:									
Capital Programme - capital financing costs current (as agreed in MTFS Feb	2,250	750	750	500	250	-	-	-	Reflects borrowing costs of approved capital programme
Becontree Heath Leisure Centre	400	-	-	-	-	-	-	-	Reflects borrowing costs of approved capital programme
	2,650	750	750	500	250	-	-	-	
Financial implications of Future Investment:									
Provision for future investment and risks	750	-	-	-	-	-	-	-	An additional contingency to cover unknown pressures that must be supported
Estate renewal borrowing	-	(639)	-	-	-	-	-	-	Borrowing in respect of HRA capital projects
Affordable level of internal investment in the capital strategy	1,000	500	500	1,000	1,000	1,000	1,000	1,000	25 year portfolio to build our long term capital strategy
	1,750	(139)	500	1,000	1,000	1,000	1,000	1,000	
Investment required to ensure budget is robust:									
Corporate provision to cover redundancy costs	(1,000)	(1,000)	-	-	-	-	-	-	Fewer redundancies are expected from previous years so the provision is being reduced
Replenishment of general reserves	(1,500)	-	-	-	-	-	-	-	Staggered removal of reserve top up, once reserves are re-established
Insurance Reserve	(1,000)	1,000	-	-	-	-	-	-	Reduction in Insurance reserve to assist in reducing the Budget Gap.
Transformation Reserve/Board - ITS	-	(1,000)	-	-	-	-	-	-	Budget to build ITS pot - to be managed by the transformational team.
Children's Social Care - Placement Budgets	1,500	-	-	-	-	-	-	-	Acute demand pressure for Childrens Social Care provision over the available Budget
Review of Corporate Procurement	2,000	3,000	-	-	-	-	-	-	Procurement pressures with loss of JV savings
Olympics	-	(250)	-	-	-	-	-	-	Additional pressure as per CLG
Review of Leisure services in Barking	100	(100)	-	-	-	-	-	-	Acute Pressure in Support of Axe Street Leisure Centre
Revs & Bens Bad debt provision	-	-	-	-	-	-	-	-	Budget pressure due to overpayment income increasing
Council Tax Bad debt provision	-	1,000	-	-	-	-	-	-	Budget pressure due to Council Tax Benefit reform
Realignment of Recharges	2,675	-	-	-	-	-	-	-	Correction of unjustified recharges to the HRA to fund the One Stop Shop & Call Centre
London Living Wage	35	-	-	-	-	-	-	-	An additional pressure from 2012 onwards
People Board Fund	(250)	-	-	-	-	-	-	-	One year investment in HR
Contingency to cover budget risks	3,500	2,500	2,500	3,500	3,500	3,500	3,500	3,500	Contingency used to cover budget risks exposed in setting budget for Council Tax
	6,060	5,150	2,500	3,500	3,500	3,500	3,500	3,500	
Total Additional Costs (A)	13,110	9,591	6,200	9,200	8,250	7,500	7,500	7,500	
Change in Income Funding									
Formula Grant	(6,396)	(6,000)	(5,000)	(5,000)	1,000	1,000	1,000	1,000	Actual formula grant reduction as per Settlement
Specific Grants	(1,309)	(685)	(3,000)	(1,000)	1,000	1,000	1,000	1,000	Reduction in Specific grants as per Settlement
Area Based Grant	-	-	-	-	-	-	-	-	Reduction in ABG not included in FG & SG above
NHS Grants	(122)	-	-	-	-	-	-	-	Assume LBBD will receive as per settlement - Pending DoH Confirmation
Council Tax Freeze Grant 2011/12	-	-	-	(1,315)	-	-	-	-	Freezing CT Equivalent of a 2.5% increase
Council Tax Freeze Grant 2012/13	1,315	(1,315)	-	-	-	-	-	-	Freezing CT Equivalent of a 2.5% increase
Council Tax Freeze Grant 2013/14	-	400	-	(400)	-	-	-	-	Freezing CT Equivalent of a 1% increase
Council Tax	-	-	-	1,315	1,315	1,315	1,315	1,315	Assume CT freeze and then an increase in years 5 & onwards
Council Tax Benefit :- Localisation	-	-	-	-	-	-	-	-	Pressure of up to a potential £2m depending on how much benefit we cover.
Council Tax exemption changes	-	500	-	-	-	-	-	-	Changes to the Council Tax exemption policy
Weekly Collection Grant	-	281	-	(281)	-	-	-	-	Grant awarded to ensure waste is collected weekly
New Homes Bonus Grant	500	500	500	-	-	(355)	-	-	Additional New Grant - Figure calculated using DCLG calculator
Change in Council Tax base	369	-	-	-	-	-	-	-	Increase in CT base
Council Reserves	-	-	-	-	-	-	-	-	Draw down from Council Reserves
Reduction in Collection Fund deficit	(170)	-	-	-	-	-	-	-	Addresses historic deficit
Indicative funding reductions per LGA analysis	-	-	-	(813)	(7,967)	(6,968)	(7,155)	(6,997)	Adjustments for 2015 onwards to match funding reduction as per LGA analysis
Total (B)	(5,814)	(6,319)	(7,500)	(7,494)	(4,652)	(4,008)	(3,840)	(3,682)	
Budget Gap (A less B)	18,924	15,910	13,700	16,694	12,902	11,508	11,340	11,182	
Savings:									
Departmental Savings									
Departmental savings	14,967	12,483	7,799	-	-	-	-	-	Savings Proposed by Directorates to close Budget Gap
Departmental Savings Pressures/Gains	-	(854)	(50)	-	-	-	-	-	Savings Adjustments post Assembly but prior to Next round
	14,967	11,629	7,749	-	-	-	-	-	
Corporate Savings and Efficiency									
Procurement (JV) Savings	4,000	5,000	-	-	-	-	-	-	Target Joint venture savings - from December 2010 onwards
Average 3% service efficiency for all services from 2015/16	-	-	-	4,000	4,000	4,000	4,000	4,000	Ongoing Efficiency targets post delivery of the current Directorate targets
	4,000	5,000	-	4,000	4,000	4,000	4,000	4,000	
Total Savings	18,967	16,629	7,749	4,000	4,000	4,000	4,000	4,000	
Budget Gap including savings	(43)	(719)	5,951	12,694	8,902	7,508	7,340	7,182	