

# London Borough of Barking and Dagenham

## Notice of Meeting

### THE EXECUTIVE

**Tuesday, 12 July 2005 - 7:00 pm**  
**Council Chamber, Civic Centre, Dagenham**

**Members:** Councillor C J Fairbrass (Chair); Councillor T G W Wade (Deputy Chair); Councillor J L Alexander, Councillor G J Bramley, Councillor H J Collins, Councillor C Geddes, Councillor S Kallar, Councillor M A McCarthy, Councillor M E McKenzie and Councillor L A Smith

**Declaration of Members Interest:** In accordance with Article 1, Paragraph 12 of the Constitution, Members are asked to declare any direct/indirect financial or other interest they may have in any matter which is to be considered at this meeting

01.07.05

R. A. Whiteman  
Chief Executive

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### AGENDA

1. **Apologies for Absence**
2. **Minutes - To confirm as correct the minutes of the meeting held on 28 June 2005 (circulated separately)**

#### **Business Items**

*Public Item 3 and Private Items 11 to 12 are business items. The Chair will move that these be agreed without discussion, unless any Member asks to raise a specific point.*

*Any discussion of a Private Business Item will take place after the exclusion of the public and press.*

3. **Barking Town Centre Movement Strategy (Pages 1 - 7)**

## Discussion Items

4. **Council's Revenue and Capital Outturn 2004/2005 (Pages 9 - 47)**
5. **Axe Street Area - Decant and Master Plan Consultation Report (Pages 49 - 57)**
6. **Barking and Dagenham Sustainable Energy Strategy (Pages 59 - 65)**  
  
Appendices A and B - the Sustainable Energy Strategy and Implementation Plan respectively - will be circulated to all Executive Members and will also be available in the Members' Rooms, via the Internet and in the public libraries.
7. **Draft Final Report of the Budget Process Scrutiny Panel (Pages 67 - 79)**
8. **Any other public items which the Chair decides are urgent**
9. **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 Executive, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972).

## Discussion Items

10. **Annual Treasury Statement of Accounts 2004 / 2005 (Pages 81 - 89)**

*Concerns the financial affairs of third parties (paragraph 7)*

## Business Items

11. **Axe Street Area - Decant and Master Plan Consultation Report (Page 91)**  
  
*Concerns the financial affairs of third parties (paragraph 7)*
12. **Corporate Strategy Department Re-Structure - Redundancy (restricted circulation, to follow)**  
  
*Concerns a staffing matter (paragraph 1)*
13. **Any other confidential or exempt items which the Chair decides are urgent**

## THE EXECUTIVE

12 JULY 2005

## REPORT FROM THE DIRECTOR OF REGENERATION AND ENVIRONMENT

BARKING TOWN CENTRE MOVEMENT STRATEGY	FOR DECISION
<p><b>Executive Summary:</b></p> <p>The Barking Town Centre Movement Strategy was commissioned to ensure that a co-ordinated approach is taken to improving the movement of people and cars in Barking Town Centre. The strategy considers all types of transport (pedestrians, cyclists, public transport and cars) and associated facilities such as signage, parking, land uses and servicing.</p> <p>The Movement Strategy will actively help to guide the regeneration of Barking Town Centre in a co-ordinated fashion as well as being a supporting document to the Local Implementation Plan.</p> <p>Adopting the Movement Strategy as Council Policy will not tie the Council to any financial commitments.</p> <p><b>Wards Affected:</b> Abbey and Gascoigne.</p>	
<p><b>Implications:</b></p> <ul style="list-style-type: none"> <li> <p>• <b>Equalities and Diversity:</b> The Movement Strategy will help to ensure that the movement facilities in and around Barking Town Centre are improved in a balanced and co-ordinated fashion. This will ensure that no one type of travel is pursued over and above any other; interchange between different modes is made easier and more convenient; and that movement facilities in general are made more accessible for all. It is therefore considered that there will be no resulting specific adverse impacts insofar as the recommendations contained within this report and indeed the Strategy should result in a number of access benefits.</p> </li> <li> <p>• <b>Crime and Disorder:</b> The movement strategy was based upon extensive baseline of information, this included identifying areas, which were seen as unsafe during different parts of the day and were consequently acting as barriers to movement. It is, therefore, considered that there will be no resulting specific adverse impacts from the recommendations contained within this report and the strategy should produce positive benefits for the area.</p> </li> <li> <p>• <b>Risk Management:</b> If the recommendations within this report are not approved there will not be an overarching strategy to help ensure that movement facilities are improved in a comprehensive and planned way within the regeneration proposals of Barking Town Centre. Improvements could still be introduced within the Town Centre through individual development proposals, but in a piecemeal fashion. Without any formal policy, the Council would be in a weaker negotiating position to secure funding to implement improvements in the Town Centre through Section 106 Town Planning obligations.</p> </li> </ul>	

If the report were approved as Council Policy, the main risks would be in securing the funding to implement the schemes. However, it is the purpose of the document to help guide bids for funding to implement the projects. To help with this, a draft copy of the Movement Strategy was included as an appendix to the Local Implementation Plan (LIP) whilst it underwent consultation.

- **Financial:**

Adopting the Movement Strategy as Council Policy will not tie the Council to any financial commitments. (See paragraph 4.1.)

- **Legal:**

There are no legal implications by adopting the Movement Strategy as Council policy.

### **Recommendation**

The Executive is recommended to adopt the Movement Strategy as the Council's policy to direct the future development of Barking Town Centre's transport and movement infrastructure.

### **Reason**

To assist the Council in achieving its Community Priorities of *Regenerating the Local Economy* and *Making Barking and Dagenham Cleaner, Greener and Safer*.

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## **1. Introduction**

- 1.1 Barking Town Centre is in the process of undergoing significant change, which could see an additional 4,000 net new homes being developed and the Town Centre revitalised. This gives a need and an opportunity to improve the movement and access of pedestrians and vehicles in and around the Town Centre. To help this happen a Movement Strategy has been developed.
- 1.2 This strategy considers the needs of pedestrians, cyclists, public transport and cars, as well as the requirements of associated facilities such as signage, parking, land uses and servicing of shops etc.

## **2. Consultation**

- 2.1 Key stakeholders have been consulted in producing this document. A workshop was held at the start of the project in December 2004 where local and regional transport providers were invited. This was used to form a baseline report outlining the current situation and to fully understand any future plans key stakeholders may have within Barking. Once the draft Movement Strategy was completed a second workshop was convened with Transport for London (TfL) to discuss the proposals within the draft strategy and to understand any concerns they have.

2.2 The proposed Movement Strategy will also accompany the Local Implementation Plan (LIP) as part of that document's consultation process. Further consultation will also take place with Transport for London and other stakeholders on the development of each individual project which result from the Strategy.

### 3. The Movement Strategy

3.1 The Movement Strategy has two overarching aims which are to:

- Invigorate Barking Town Centre by creating legible, connected, active streets;
- Facilitate high quality public transport access and connections.

3.2 The proposed Strategy is divided into two parts. The first part is called the "*wider area movement strategy*" and shows the movement relationship between the Town Centre and the potential new development at Barking Riverside. The ambition is to ensure that Barking becomes the centre of choice for the inhabitants of Barking Riverside, being the closest Town Centre. There is consequently a need to ensure that a strong connection is established between the two areas.

3.3 The strategy suggests that public transport routes should have direct access into Barking but that vehicles should use connections from the A13 and the A406 to access the Town Centre. This retains vehicles for as long as possible on the major road network and has the added benefit of reducing potential congestion, which helps to reduce public transport journey times on approaches to Barking.

3.4 The second part of the strategy is called the "Central Movement Strategy" (an outline of the Strategy is attached as **Appendix A** - full copies of the draft Strategy are available from the author on request and are also deposited in the Members' Rooms at the Civic Centre and Town Hall and Barking Central Library) and forms the bulk of the Movement Strategy's proposals and recommendations. This defines the strategy within the actual Town Centre and has six layers, which are:

- The Creation of Town Centre Walk Wheel. -The creation of good pedestrian routes that go around the Town Centre enabling people to wander without the need to retrace their steps.
- Sociable Streets Area. -Ensure that in the heart of the Town Centre the pedestrian is given priority.
- A Green Backbone. - A link between Barking Park to Abbey Green this link would be an area where 'green' forms of travel such as cycling and walking are promoted.
- Recreating streets. - Improve the street patterns in the residential areas around the Town Centre. This opportunity presented by the master planning work being undertaken on London Road and The Lintons will enable this recommendation to be implemented.

- The Through Traffic Corridor. - The Northern Relief Road creates a poor environment and a barrier to access to the Town Centre for pedestrians. The proposal is therefore to improve the environment and crossing facilities for pedestrians.
- Improved Public Transport Connections. - This section deals with the crucial need to improve Barking Station to cater for the potential population and business growth in the Town Centre. The strategy also recommends using the potential development of the Station Quarter Master Plan to examine the possibility of shortening the route that buses have to take (via Cambridge Road).

3.5 In addition the Strategy discusses parking, loading and improved signage. The Strategy acknowledges that convenient parking, loading facilities and signage are all vital components of a vibrant Town Centre. The strategy recommends that 150 spaces could be provided through on-street parking around Abbey Green, on St Paul's Road and Abbey Road, with the potential for a multi-storey car park being developed in the Axe Street area. This project is being developed in detail through the Axe Street Master Plan which is the subject of a report to Executive on the same agenda.

3.6 Signage for vehicles and pedestrians needs to be improved. This would include through-traffic to be clearly signed to via the Northern Relief Road at the Longbridge Road and London Road, as well as installing Variable Message Signing for car park spaces at key gateways to the Town Centre. Signage for pedestrians should include the installation of local maps and signs providing distances or walking times and key landmarks / buildings.

3.7 The Strategy concludes with an Action Plan of proposals needed to implement the strategy, which have been identified as: short-term (1-2 years), medium-term (3-5 years) or long-term (5-15 years).

#### **4. Financial Implications**

4.1 Adopting the Movement Strategy as Council Policy will not tie the Council to any financial commitments. Any costs in the production of the strategy are being met from existing budgets. The Movement Strategy will act as a guide, highlighting what are seen as priority projects for the Council. This would be used to inform other documents such as the Local Implementation Plan and bids for funding, leading to the implementation of specific projects. It would be at this stage that the Council would need to consider making a financial commitment to implementing specific projects.

4.2 Any Revenue implications, for example landscaping and signage, for projects resulting from the Strategy will be considered as part of the Capital Programme Management Office (CPMO) assessment process.

## **5. Consultation**

### **Officers**

The following have been consulted during the preparation of this report and have raised no objections to its content.

### **CS**

Muhammad Saleem, Solicitor to the Council and Monitoring Officer  
Paul Field, Corporate Lawyer  
Robin Hanton, Corporate Lawyer

### **Finance**

Alex Anderson, Head of Finance (DRE)  
Alan Russell, Head of Audit

### **DRE**

Mike Mitchell, Head of Environmental Management  
Jim Mack, Head of Asset Management and Design  
David Higham, Group Manager (Transport) Planning  
Mike Livesey, Head of Civil Engineering

### **H and Health**

Jeff Elsom, Crime and Anti Social Behaviour Unit Manager

### **Councillors**

The following have been advised of the proposals in this report.

### **Lead Member:**

Regeneration, Councillor Kallar  
Environment and Sustainability, Councillor McKenzie

### **Ward Councillors:**

Abbey Ward: Councillors Alexander, Bramley and Fani.  
Gascoigne Ward: Councillors Rush, McKenzie and Flint  
Longbridge Ward: Councillors Baker; Clark and Cook

### **Background Papers**

- Executive Report and Minute 262, 27 January 2004. Re: London Road North Street Redevelopment
- Executive Minute 133, 28 September 2004. Re: London Road North Street Redevelopment
- Executive Minute 81, 3 August 2004. Re: Station Quarter and The Lintons Regeneration Proposals.
- Executive Report and Minute 5 1 June 2005. Re: Barking Town Centre Draft Interim Planning Guidance.
- Draft Barking Town Centre Movement Strategy, LBBB, June 2005

## The Central Movement Strategy – detailed recommendations

### *The Creation of Town Centre Walk Wheel*

The walk wheel needs the creation of routes through the London Road / North Street and The Lintons Station Quarter Master Plan areas, which the Master Plan teams will encompass within their proposals. Providing this walking circuit will have a positive benefit for the local economy as it should help to consolidate the retail core of the Town Centre by enabling people to walk around the centre easily.

The wider Town Centre area has the same issue in that the residential areas in the hinterlands of Barking are poorly connected. A second walking wheel is, therefore, proposed to establish better links around the Town Centre. Both walking wheels will be linked to the core of Barking Town Centre.

### *Sociable Streets*

The second recommendation is to provide a better balance between people and cars. Currently there are a number of roads designed primarily for vehicular traffic in the Town Centre to the detriment of pedestrians. The strategy therefore identifies a number of actions aimed at addressing this, which include:

- The downgrading and re-design of Abbey Road and St Paul's Road.
- On-Street parking to be provided on St Paul's Road, Abbey Road, London Road and Broadway.
- Developing the Broadway as a carriage style drive way so that Abbey Green becomes more connected with the Town Centre.
- Opening East Street to general traffic in the evening.
- Removing street clutter, widening footways and providing at-grade crossings in appropriate locations to accommodate pedestrians and cyclists.

### *A Green Backbone*

The third recommendation is the proposal to provide a link between Barking Park through to Abbey Green and the River Roding for leisure purposes. As such it is envisaged that this link is targeted at 'green' forms of travel e.g. cyclists and pedestrians. Critical to achieving this would be:

- Better signage and pedestrian / cyclist crossings at major roads and junctions.
- Improving the layout out of the market along East Street to improve pedestrian flows.
- Improving / re-designing pedestrian access across Barking Central Open Space (Abbey Green) to the Town Quay area
- Improving / re-designing pedestrian access across Abbey Green across the London Road Roundabout to the River Roding.



- Implement the full Riverside Walk along the River Roding, providing additional pedestrian footbridges across the river to increase accessibility.

### ***Recreating Streets***

The fourth recommendation seeks to improve the street patterns in a number of residential areas surrounding the Town Centre which have become fragmented or disconnected through cul-de-sac developments. This creates dead - ends and causes barriers to pedestrian and traffic movement, making navigation through these areas difficult. In addition many of these streets have no active or overlooking frontages, creating an un - welcoming environment.

### ***The Through Traffic Corridor***

The Northern Relief Road acts as the main route for through traffic in Barking. Through traffic does little to the strengthen the Town Centre and so the Strategy recommends this should continue to be directed away from the Town Centre, where it only contributes to congestion. This will be especially important given the recommendations to down-grade and provide car parking on St Paul's Road and Abbey Road, which will have the effect of slowing traffic flow.

Notwithstanding the above, the Northern Relief Road creates a poor environment for pedestrians wishing to travel to the north, east or west of the Town Centre. The report therefore makes a number of recommendations to improve the environment and crossing facilities for pedestrians across the Northern Relief Road and at the Longbridge Road and London Road roundabouts.

### ***Public Transport***

In order to cater for the growth that Barking will undergo the strategy acknowledges there needs to be an associated growth in public transport provision. A critical aspect of this will be making improvements to the Station. This includes:

- Increasing the capacity of Barking Station.
- Improving the internal arrangement within the Station.
- Elongating the interchange area between trains, buses and East London Transit to reduce vehicular and pedestrian congestion.
- Provide a second entrance point into the Station from Cambridge Road and Wakering Road.

The Strategy also recommends using the development of the Station Quarter Master Plan to shorten the route buses have to take through the Town Centre so that they do not have to loop around Cambridge Road and The Lintons. This could be removed by the provision of an additional street cutting through from Cambridge Road to London Road. An alternative route would be to allow buses to go directly from Station Parade to London Road via the bandstand area, which will be removed for the introduction of the East London Transit (ELT), although this needs further investigation

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## THE EXECUTIVE

12 JULY 2005

### REPORT OF THE DIRECTOR OF FINANCE

COUNCIL'S REVENUE AND CAPITAL OUTTURN 2004/05	FOR DECISION
<p><i>This report relates to the regular monitoring of the Council's budget and shows the final outturn position for both the Council's revenue and capital expenditure in 2004/05.</i></p> <p><b><u>Summary</u></b></p> <p>The report provides the Executive with the Council's revenue and capital outturn position for the financial year 2004/05.</p> <p>For the Council's General Fund revenue services, it highlights that the final position is an overall underspend of £5.1 million, after carry forward requests from Departments.</p> <p>For the Housing Revenue Account, the final working balance shows an improved position of around £260,000 to £3.2 million. This compares to a revised estimate of £2.9m which was approved at the Executive on the 8<sup>th</sup> February 2005.</p> <p>For the Council's Collection Fund it highlights an increased deficit to the Council of £459k as a result of increased personal discounts and exemptions and a required increase in the provision of bad debts.</p> <p>For capital, the final position shows that £74.6 million has been spent out of the original budgeted programme of £91.8 million.</p> <p>The report also covers the position on relevant carry forward requests from Departments for both Revenue and Capital, which need to be approved by Members.</p> <p>The report finally deals with recommendations for use of the revenue underspend.</p> <p><b><u>Recommendation</u></b></p> <p>Members are asked to: -</p> <ul style="list-style-type: none"> <li>(a) Note the final outturn position of the Council's revenue and capital budgets for 2004/05 (Section's 1 and 2 and Appendix A);</li> <li>(b) To reaffirm that service overspends identified in services be met initially from the relevant Department's 2005/06 budget (paragraph 2.2);</li> <li>(c) Note the increase in the 2004/05 Collection Fund deficit (Section 4);</li> <li>(d) Note the position of the working balance for the Housing Revenue Account (Section 5);</li> <li>(e) Approve the carry forwards from the Revenue budget to be incorporated into the relevant 2005/06 Departmental budgets (Section 6 and Appendix B);</li> <li>(f) Note the final outturn position of the Council's Capital programme (Section 8 and Appendix C)</li> </ul>	

- (g) Note the underspend in the 2004/05 Capital programme of £14.4 million and a list of those schemes where significant underspends occurred including reasons for their slippage (paragraph 8.2 and Appendix D)
- (h) Approve the carry forwards, for categories A, B, D and E (i.e. committed and rolling programmes) totalling £15.7 million, from the 2004/05 Capital Programme to be incorporated into 2005/06 relevant service capital programmes (Appendix E);
- (i) Approve that the roll forward requests for category C schemes (i.e. not yet contractually committed) undergo an appraisal through the CPMO process and that these schemes only proceed with the appropriate approval (Appendix F);
- (j) Approve that the appropriate 2005/06 budgets be adjusted for advanced expenditure in 2004/05 of £1.6 million (Appendix G);
- (k) Note the following approved use of the £5.1 million 2004/05 revenue underspend:
- £165,000 is set aside in General Reserves to fund the revenue costs of the new Oracle E-Business suite as approved at the Executive on the 21<sup>st</sup> December 2004 (paragraph 7.2);
  - £1.5m is set aside from the Social Services underspend to support the 2005/06 budget as agreed at the Assembly on the 2<sup>nd</sup> March 2005 (paragraph 7.2).
- (l) Approve that the remaining revenue underspend of £3.4 million be allocated as follows:
- £459,000 is provisionally earmarked to fund the increase in the 2004/05 Collection Fund deficit and that this position can be considered and reviewed in February 2006, as part of the budget setting process for 2006/07 (paragraph 7.3);
  - £518,000 is set aside to fund the Cleaning the Borough initiative as agreed at the Executive on the 28<sup>th</sup> June 2005 (paragraph 7.3);
  - The remaining balance of £2.4 million to be provisionally allocated as follows and to be considered and reviewed as part of the budget setting process for 2006/07 (paragraph 7.3):

	<u>£'000</u>
- Provision for service improvement projects via one-off bids as part of the 2006/07 budget process	750
- Provision for pay-related matters (such as inflation etc)	350
- Information sharing systems/training between council departments and other agencies to safeguard children	300
- Set up/transition costs of the new Children's Services department	300
- Management and staff training programmes in 2006/7 and beyond	350
- Pump priming to set up team/capacity to monitor revenue/grant projects, chase recommendations from reviews and support better inspection outcomes	150
- Community development and cohesion projects	50
- Provision to implement improved information and communications about council services	50
- One-off costs of transition to new council structure in 2006/7	100

- (m) Note the outturn position for 2004/05 Prudential Indicators (See Appendix H)

**Reason**

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

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## 1. Overview

- 1.1 At the end of 2004/05 the Council has a net underspend of £5.1 million against a profiled budget for the year of £220.2 million, 2.3% under budget. The full detail is included in Appendix A and is summarised as follows:

	Budget 2004/05	Expenditure 2004/05	Over/(under) spend 2004/05	Roll Forward Requests 2004/05	Overall Position 2004/05
	£'000	£'000	£'000	£'000	£'000
General Fund Services	220,168	212,060	(8,108)	2,978	(5,130)

- 1.2 This can be analysed as a £8.1 million service underspend, which is offset by carry forward requests from Directors of £3 million to produce an overall underspend for the year of some £5.1 million.
- 1.3 The position for Service budgets showed an overall underspend of £4.4 million against a revised budget of £242.9 million. Within this sum there were overspends in DEAL budgets of £216,000. All other Departments showed underspends.
- 1.4 Other factors contributing to the overall underspend are an unused contingency sum of £746,000, a favourable position on interest on balances of £2.7 million and an overall underspend within Social Services of £1.5 million.

## 2. Service Position

- 2.1 Details of each area of the Council's financial position are provided in Appendix A. There are a number of variations to individual service accounts and relevant explanations are provided below. The main explanations provided for these variances are as follows:

### 2.2 Education, Arts and Libraries

At the Executive on the 20<sup>th</sup> July 2004 the Education service reported an overspend of £975,000 for the financial year 2003/04. At this meeting the Executive agreed that £300,000 of this overspend would need to be met from the department's 2004/05 budget. An appropriate reduction in the 2004/05 budget was therefore made.

The final outturn position for the Education service in 2004/05 highlights a final overspend of £224,000 for the year. However after taking into account the reduction of £300,000 in the 2004/05 budget for the previous years overspend, this highlights a positive in-year position of £76,000 for 2004/05.

Throughout 2004/05 the Education service has implemented an action plan to both reduce its costs and manage its resources more effectively. This action plan has resulted in a significant improvement in Educations performance from 2003/04 to 2004/05.

In terms of the Arts, Libraries and Cultural service they have underspent their allocated budget by £422,000. The service is requesting roll forwards into 2005/06 of £414,000 which will result in an overall net underspend of £8,000.

The Executive had previously agreed that any departmental overspends would need to be considered to be met from the following years service budget. Therefore in line with the position taken in 2003/04 it is recommended that the 2004/05 DEAL net overspend of £216,000 is met from their 2005/06 budget.

### 2.3 **Regeneration and Environment**

2004/05 was a good year for Planning as their performance scored enough to secure a Planning Development Grant (PDG) grant allocation of £451,000.

Overall, the Division underspent by £334,000 primarily as a result of the ODPM delay to the implementation and printing of the Local Development Framework (LDF). A result of this there has been a roll-forward request for £248,000 for the PDG, the LDF and the Corporate Performance Assessment (CPA) scoring plan. Land and Property, in addition, provided a further favourable position due to additional income from better occupancy rates in commercial properties, less operational costs for quicker land disposals, earlier income from land disposals and less spend on the accommodation strategy project. A total of £932,000 underspend was realised and a request for a roll-forward of £603,000 is submitted.

The Council's Leisure Centres' overspend amounted to £749,000, which encompassed both staff costs and lower income levels. In terms of the staff overspend this was due to the staffing structure inherited from the transfer back of the Goresbrook Leisure Centre from external contractors. This related to additional staff and the need to assimilate staff back into the Council's own terms and conditions. The lower income levels were due to the need to close the Goresbrook Leisure Centre during the year for major works to be undertaken. This loss of income was further increased due to a subsequent reduction in customer usage following its re-opening and this was mainly due to customer confidence and a lack of long term investment. A Leisure Centre improvements project has been put forward for consideration as part of the review of the Council's 2006/07 capital programme.

In recent years, Cleansing Service's profile has been raised as the expectations of the community, in terms of acceptable standards for street cleanliness, is now considerably higher. A late shift has been introduced whose specific purpose is to carry out an evening cleansing service at problem areas. The cleansing service had difficulties keeping within its budgets during 2004/05 and was the recipient of additional funding (virements) from other areas within the division which was approved as part of the Base Budget report to the Executive in January 2005. Significant progress has made in tackling staffing absence and fleet utilisation in the Passenger Transport Section.

Parking Services obtained significant net additional income during 2004/05 as a result from increased numbers of enforcement staff together with an improved recovery rate for tickets issued. Highways overspent in 2004/05 by £100,000. Overall the Division underspent by £670k and has requested a roll-forward of £287,000 to be used to improve land and drainage and inject momentum into the Street Cleansing Borough Cleanup.

The department as a whole is showing an underspend of £1.165 million.

## 2.4 **CE Unit**

The CE Unit underspent its 2004/05 budget by £55,000. It is requesting a roll-forward of £40,000 to complete a range of accommodation and service improvement projects.

## 2.5 **Finance**

The Finance department incurred a net underspend in 2004/05 of £209,000 which arose mainly due to underspends within both the Financial services and IT divisions primarily around recruitment difficulties in attracting suitably experienced staff. A number of posts have now been filled and others are being actively pursued.

In addition, the Housing Benefits service benefited from a net underspend position of £608,000. This underspend is primarily due to income from additional Housing Benefit overpayment recovery plus additional grant from the Department of Works & Pensions for Housing Benefit administration (verification framework) and Performance Standards fund.

The department is requesting that £733,000 of this underspend is rolled-forward into 2005/06 and these are listed and detailed in Appendix B of the report.

## 2.6 **Social Services**

The Social Services out-turn position shows a gross £1.9 million underspend, but when roll forward requests are accounted for of £402,000, the end of year figure is a £1.5 million (1.6%) underspend. This overall underspend was budgeted for throughout the majority of the year and was subsequently incorporated as part of the Councils overall budget for 2005/6 at the Assembly on the 2<sup>nd</sup> March 2005.

The main reasons for this underspend includes:

- Unused contingency sums set aside for Asylum Leaving Care costs that proved un-necessary due to subsequent Government Grants;
- The delay in the opening of 2 premises in the Older Persons Services ( Fred Tibble Court and Gray's Court);
- the successful reduction in the need for Out-Borough Institutional / Residential Care in Children's Services and Older Persons – this reduction will permit the transfer of further resources to more preventive services in these areas for 2005/6;
- severe recruitment issues in Social Work , that led to the delay in the implementation and full staffing of new services and initiatives , particularly in the area of Children's and Mental Health services.

## 2.7 **Housing & Health**

The cost of homelessness within the Housing General Fund exceeded the revised budget by some £400,000 but this cost was wholly offset by savings within the Housing Benefits service through a combination of lower costs, additional income and an increase in overpayments. As a result of the use of the Housing Benefit underspend, the net costs of the Housing General Fund were able to be contained within budget.

The Health & Consumer service underspent by £115,000 mainly as a result of underspends in its staffing and supplies & services budgets.

The service is requesting that £115,000 of this underspend is rolled-forward into 2005/06 and these are listed and detailed in Appendix B of the report.

## 2.8 Corporate Strategy

The Corporate Strategy department has experienced a difficult financial year particularly around the loss of £250,000 of income within the land charges service as a result of changing market conditions. The department introduced an action plan during the year to minimise the potential overspend that the loss of land charges income would create. This included delaying recruitment to posts and not spending various supplies and services budgets. Whilst this action plan was effective in the short term the Director does not consider this to be sustainable in the longer period without a significant impact on the work of the department. The 2005/06 budget for the land charges service has been amended to reflect the changing market conditions and therefore the same pressures that appeared in 2004/05 should not be repeated in 2005/06. For the majority of the year this action plan resulted in the department forecasting an overspend of approximately £150,000. However the department's success in holding back expenditure resulted in an overall departmental underspend of £120,000, which it is requesting to be rolled-forward.

The Corporate Strategy department is also responsible for the provision of the Customer First Service. In the 2004/05 budgets the Customer First service had budgeted to draw down from the Council's approved reserves a total £1.9 million to fund its expenditure. However at the year end the actual net expenditure for 2004/05 amounted to some £853,000 less than originally planned following a critical challenge of the budgets in 2004/05 from the Corporate Management team on the costs required to implement the Contact Centre (Phases 1 and 2). This underspend has therefore resulted in a reduced contribution of £853,000 from the ear-marked reserve. This balance has been retained in the Customer First reserve, its use to be determined in due course.

## Other Services

## 2.9 Use of Reserves

The final outturn for 2004/05 includes a number of projects that have been funded from ear-marked reserves and these can be summarised as follows:

	<u>£'000</u>
Roll-Forwards from 2003/04	1,923
Customer First	1,055
Collection Fund Deficit	1,305
Procurement – Spend to Save	69
Regeneration – Preparing for the Future	250
Age Concern	95
Regeneration Initiatives	58
Home Computer Initiative	5
Looked after Children	255
Corporate Accommodation	380
Single Status Review	91
<b>Total</b>	<u>5,486</u>



## 2.10 Use of Contingency

In setting the budget for 2004/05, a contingency budget was approved for any unforeseen items that may arise during the year. In addition, this budget also included the return of the £300,000 DEAL overspend that occurred in 2003/04. The contingency budget made allowance for factors such as the cost of redundancies from savings options, premature retirement costs, London weighting pay claim. In 2004/05 the Council did not need to draw on all of its contingency budget and as a result there was an overall net underspend of £746,000.

## 2.11 Other Services

Also included within the Council's overall underspend is £165,000 of income relating to a legal settlement. This income has been accounted for within the General Finance services and is required to be placed into an ear-marked reserve and be used to fund the revenue costs of the new Oracle E-Business suite as approved at the Executive on the 21<sup>st</sup> December 2004.

## 3. Interest on Balances

3.1 The current position is that this area of the budget has proved to be buoyant and that final position shows a favourable variance of £2.7 million at the year end to the general fund. The favourable position has arisen due to a number of factors:

- Interest rates were higher than had been budgeted for across the financial year. When the budget was set, experts were advising that rates would be around 4.25%, however, actual experience has shown that rates have been at approximately 4.75% across the year. This extra 0.5% on an investment balance of nearly £180 million has resulted in £900,000 of additional revenue.
- The profile of capital expenditure throughout the financial year resulted in average investment balances to be higher than expected throughout the year by almost £40 million. The additional interest earned on these balances totalled approximately £1.8 million.
- Strong performance from investment managers, and the in-house investment team, in exceeding the performance benchmarks set has also contributed to the overall position.

Owing to these factors the level of investment interest received in 2004/05 has exceeded the original budget by £2.7m and this has been the single biggest factor in the Council's overall revenue underspend.

## 4. Collection Fund

4.1 During the 2005/06 budget process it was estimated that there would be an overall Collection fund deficit for 2004/05 of £697,000 of which the Council would be liable for £545,000. This estimated deficit was accordingly built into the 2005/06 budgets.

4.2 The final Collection fund position for 2004/05 has however resulted in an overall deficit of £1.283 million which amounts to an increased deficit of £586,000. The additional cost to the Council of this increased deficit is £459,000.

The main reasons for this increase include:

<u>Description</u>	<u>Total</u> <u>£'000</u>	<u>LBBB</u> <u>£'000</u>	<u>GLA</u> <u>£'000</u>
<ul style="list-style-type: none"> <li>• An increase in the estimated number of personal discounts throughout 2004/05</li> </ul>	116	91	25
<ul style="list-style-type: none"> <li>• An increase in the estimated number of exemptions throughout 2004/05</li> </ul>	36	28	8
<ul style="list-style-type: none"> <li>• An increase in the level of outstanding Council Tax debt which has resulted in the need to increase in the estimated Provision for Bad Debt</li> </ul>	434	340	94
<b>Total</b>	<b>586</b>	<b>459</b>	<b>127</b>

4.3 The increase in the level of arrears, and hence bad debt provision, has arisen due to variations between the Council's estimate of income to be collected and its actual position. The most significant variations are as follows:

- A reduction in the 2004/05 in-year collection rate of 0.7% from an estimate of 92% to a final collection rate of 91.3%;
- An increase in the level of outstanding court costs above the estimate;
- The level of income recovered from outstanding arrears was lower than estimated.

These variations between the estimated and actual income levels highlight the need to improve the overall estimation process. However the level of management information required for estimate purposes is derived from the existing Council Tax system. Currently this information is considered extremely weak and consequently doesn't support the estimate process robustly enough. The new Council Tax system will provide significantly better information however attention will need to be given in the interim to improving the estimate process and also reviewing the estimate process in advance of implementing the new system.

4.4 A range of improvements are being delivered through the Revenue services division to improve both the Council tax service and its collection rates including:

- Replacement of the Council Tax system;
- Review of Business processes;
- Investment and development of staff skills and knowledge;
- Collection initiatives including robust recovery initiatives and the creation of a special team dedicated to arrears collection;
- Reducing time between issue of reminder notices and issue of summonses in cases of non-payment;
- Use of new technology to trace non-payers;
- Participation in best practice groups;
- Ensuring those residents with difficulty in paying have access to the appropriate benefits, discounts and exemption.

4.5 In order to mitigate against the impact of this additional deficit on both future Council Tax levels and to keep future funding options open, it is recommended that £459,000 of the 2004/05 revenue underspend is provisionally earmarked to the Council Tax Equalisation reserve. This position can be considered and reviewed in February 2006 as part of the budget setting process for 2006/07.

## 5. Housing Revenue Account

- 5.1 The final position for the Housing Revenue Account shows that there is a working balance at the end of 2004/05 of £3.2 million compared to the revised budget of £2.9 million. This can be summarised as follows:

	<u>Revised Budget</u> £'000	<u>Actual</u> £'000	<u>Variation</u> £'000
Income	(67,972)	(68,956)	(984)
Expenditure	66,558	67,251	693
Net Expenditure	(1,414)	(1,705)	(291)
Appropriations	485	515	30
Net Surplus	(929)	(1,190)	(261)
Working Balance b/fwd	(1,984)	(1,984)	0
Working Balance c/fwd	(2,913)	(3,174)	(261)

The main reasons for this improved position are;

- Income has increased by just under £1 million, this has been due to lower write offs in rents following a change in the policy, higher leaseholder service charges and a continuing increase in commercial rents as the higher occupancy levels are being maintained.
- This additional income has been offset by the need for an increase in the provision for bad debts due to a rise in rent arrears and an additional contribution to the Insurance Fund following a rise in claims. There has also been a planned overspend in the repairs and maintenance budget to meet the growth in programmed maintenance.
- The Housing Benefit Limitation has also increased, by £238,000. This is based on a formula determined by ODPM and is linked to the level of Rent Rebates granted.

## 6. Revenue Roll-forwards

- 6.1 Directors have requested roll-forwards from their 2004/05 underspends into 2005/06 to progress with service issues and developments that were not achieved in 2004/05.
- 6.2 The process currently adopted allows a degree of flexibility in budget management and avoids unnecessary or wasteful expenditure at the year end to spend in full a Department's allocated budget. The current process is recommended for continuation.
- 6.3 A detailed exercise has been undertaken regarding these requests and a summary of the position for each Department is shown at Appendix B. The total value of the roll-forward requests amount to £3 million for General Fund services and has been accounted for as part of the assessment of the Council's overall outturn position (paragraph 1.1). Members are therefore, invited to consider these requests and approve as necessary.

## **7. Utilisation of Revenue Underspend**

7.1 The final position for General Fund revenue shows an underspend of £5.1 million, after accounting for roll-forward requests of £3 million.

7.2 Of this £5.1 million underspend two items have already been approved for specific use being:

- £1.5 million underspend in Social Services to support the 2005/06 budget as approved at the Assembly on the 3<sup>rd</sup> March 2005 (see section 2.6);
- £165,000 of income relating to a legal settlement to fund the revenue costs of the new Oracle E-Business suite as approved at the Executive on the 21<sup>st</sup> December 2004 (see section 2.11).

7.3 It is appropriate to consider the utilisation of the remaining £3.4m underspend and listed below are officer recommendations;

- £459,000 be transferred into the Council Tax Equalisation Reserve in order to mitigate against the impact of the additional 2004/05 Council Tax deficit on both future Council Tax levels and to keep future funding options open (See section 4);
- £518,000 is set aside to fund the Cleaning the Borough initiative as agreed at the Executive on the 28<sup>th</sup> June 2005;
- The remaining balance of £2.4 million be allocated as follows:

	<u>£'000</u>
- Provision for service improvement projects via one-off bids as part of the 2006/07 budget process	750
- Provision for pay-related matters (such as inflation etc)	350
- Information sharing systems/training between council departments and other agencies to safeguard children	300
- Set up/transition costs of the new Children's Services department	300
- Management and staff training programmes in 2006/7 and beyond	350
- Pump priming to set up team/capacity to monitor revenue/grant projects, chase recommendations from reviews and support better inspection outcomes	150
- Community development and cohesion projects	50
- Provision to implement improved information and communications about council services	50
- One-off costs of transition to new council structure in 2006/7	100

## **8. Capital Programme**

8.1 The Capital Programme has being actively managed throughout the year by the Capital Programme Management Office (CPMO) team in the Department of Regeneration and Environmental Services alongside financial input from the Finance Department. The final outturn position is that £74.6 million of this year's programme has been spent out of an overall original budget for the year of £91.8 million. This shows that 81.3% of the Capital programme was spent compared with 94.2% in 2003/04. The breakdown by Department is shown in Appendix C.

8.2 In year, there have been various Executive decisions regarding the re-profiling of schemes, new additions to the programme and the approval of carry forwards from 2003/04. All of these decisions led to a reduction from the original budget of £91.8

million to a revised programme of £89 million. These decisions were made in light of ensuring that the programme reflected as accurately as possible the expenditure for 2004/05, however, this was not ultimately borne out in the outturn position as reported. The CPMO and finance teams are working closely together to ensure that continuous improvements are made to capital programme monitoring arrangements going forward.

The final outturn of £74.6 million represents an underspend of £14.4 million when compared with the revised programme of £89 million. Attached at Appendix D is a list of those schemes where significant underspends occurred including reasons for their slippage.

- 8.3 As part of the on-going management and monitoring of the Capital Programme it is necessary for the Executive to consider the total of carry forwards of unspent monies from the 2004/05 Capital Programme for on-going schemes. These are attached in summary and detail scheme by scheme at Appendix E and Appendix E (i) and equate in total to some £15.7 million (£19.5 million in 2003/04). Of this sum about £8.3 million relates to externally funded schemes, and £7.4 million for schemes funded from local authority resources.
- 8.4. As part of this exercise the unspent budgets in 2004/05 have been categorised to highlight whether they are a committed scheme, uncommitted scheme or rolling programme. This exercise has highlighted that schemes which are not committed amount to £340,000 of the total carry forward requests of £15.7 million and are listed at Appendix F. It is recommended that these schemes undergo the relevant capital appraisal process run by the CPMO and that before these schemes proceed they achieve the relevant green light status.
- 8.5 Additionally, as part of the detailed monitoring of the capital programme there are some schemes which are part of rolling programmes and/or the schemes are much more advanced than originally anticipated. The relevant schemes are listed at Appendix G and total some £1.6 million of advanced expenditure in 2004/05 and, therefore, it is appropriate to reduce the 2005/06 budget figures to reflect this advanced expenditure without having any impact on the overall resources of the Capital Programme.
- 8.6 The outturn position on the Capital programme can be summarised as follows:

	<u>£'000</u>
Revised Budget 2004/05	88,984
Less	
Actual Expenditure 2004/05	(74,601)
Underspend	14,383
less	
Budgets Rolled Forward into 2005/06	(15,689)
Budgets Brought Forward from 2005/06	1,611
In-year Underspend	305

- 8.7 Overall, the above underspend will contribute marginally to the Council's capital receipts resource position. However, it should be noted that the schemes with external funding are being examined in detail to ascertain advanced external funding in 2004/05. The above sum may be required to support some schemes to completion where this has occurred, but early indications are that this will be minimal.

## **9. Prudential Indicators**

- 9.1 Regulations issued under the Local Government Act 2003 require local authorities to have regard to the CIPFA Prudential Code for Capital Finance. This code considers the prudence, affordability and sustainability of capital investment decisions made by the Council.
- 9.2 The Council set a series of “prudential indicators” to measure capital investment decisions against the key principles of the code. They include the level of capital expenditure, the associated financing costs and impact on Council Tax and Housing Rents. They also include treasury management indicators which set out limits for investment and borrowing decisions throughout the year.
- 9.3 Appendix H sets out the outturn position for 2004/05 against the indicators as set in February 2004. The headline assessment of these figures is that, as a result of slippage on a number of schemes, the capital programme placed a lower burden on the revenue budget in terms of financing costs than had been budgeted for at the beginning of the year. The treasury management indicators confirm that the limits set for investment and borrowing decisions were adhered to throughout the year.

## **Background Papers**

- Oracle Management reports.

**Revenue Outturn 2004/05**

	<u>Original Estimate</u> £'000	<u>Revised Estimate</u> £'000	<u>Actual</u> £'000	<u>Variation</u> £'000	<u>Roll-Fwd Requests</u> £'000	<u>Total Underspend after Roll-fwd Requests</u> £'000
<b><u>Service Departments</u></b>						
<b>DEAL</b>						
Education Services	127,239	129,840	130,064	224	0	224
Arts, Libraries & Cultural Services	5,239	5,414	4,992	(422)	414	(8)
<b>DLES</b>						
Environmental Services	16,745	18,758	18,088	(670)		
Planning Services	2,393	2,513	2,180	(333)		
Regeneration Partnerships	1,195	1,254	1,274	20		
Leisure Services	8,440	9,058	9,807	749		
Land & Property Services	(376)	481	(451)	(932)		
	<b>28,397</b>	<b>32,064</b>	<b>30,898</b>	<b>(1,166)</b>	<b>1,159</b>	<b>(7)</b>
<b>Housing &amp; Health</b>						
Housing General Fund	2,095	2,521	2,521	0		
Health & Consumer Services	2,314	2,287	2,172	(115)		
	<b>4,409</b>	<b>4,808</b>	<b>4,693</b>	<b>(115)</b>	<b>115</b>	<b>0</b>
<b>Social Services</b>	<b>66,380</b>	<b>67,432</b>	<b>65,513</b>	<b>(1,919)</b>	<b>402</b>	<b>(1,517)</b>
<b>Finance</b>						
Finance Dep't	0	0	(209)	(209)		
Housing Benefit (Net position)	0	0	(608)	(608)		
	<b>0</b>	<b>0</b>	<b>(817)</b>	<b>(817)</b>	<b>733</b>	<b>(84)</b>
<b>Corporate Strategy</b>	<b>1,875</b>	<b>2,967</b>	<b>2,847</b>	<b>(120)</b>	<b>115</b>	<b>(5)</b>
<b>CE Unit</b>	<b>363</b>	<b>388</b>	<b>333</b>	<b>(55)</b>	<b>40</b>	<b>(15)</b>
<b>Total Service Departments</b>	<b>233,902</b>	<b>242,913</b>	<b>238,523</b>	<b>(4,390)</b>	<b>2,978</b>	<b>(1,412)</b>
<b>Corporate Management</b>	<b>5,533</b>	<b>5,759</b>	<b>5,756</b>	<b>(3)</b>	<b>0</b>	<b>(3)</b>
<b>General Finance</b>	<b>(25,965)</b>	<b>(34,785)</b>	<b>(37,754)</b>	<b>(2,969)</b>	<b>0</b>	<b>(2,969)</b>
<b>Contingency</b>	<b>1,163</b>	<b>746</b>	<b>0</b>	<b>(746)</b>	<b>0</b>	<b>(746)</b>
<b>Levies</b>	<b>5,535</b>	<b>5,535</b>	<b>5,535</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>220,168</b>	<b>220,168</b>	<b>212,060</b>	<b>(8,108)</b>	<b>2,978</b>	<b>(5,130)</b>

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## Revenue Roll-Forward Requests 2004/05 into 2005/06

Department	Division	Description	Revised Budget £'000	Actual £'000	Variation £'000	Roll- forward Request £'000
<b>Corporate Strategy</b>	Democratic Support	Various Small Projects (including items agreed at Forum Steering Group)	1,195	1,167	28	28
	Policy	Various Equalities and Diversity Projects	192	170	22	22
	Policy & Performance	Balance of Rent & Grant payments outstanding to Voluntary groups to June 2005	1,554	1,482	72	47
	Corporate Communications	Advertising cost for post seconded to Social Services	650	624	26	7
	Corporate HR	Production of development & training booklet	122	69	53	11
						<b>115</b>
<b>Chief Executive</b>	CE Unit	Service improvement projects	388	333	55	<b>40</b>
<b>Finance</b>	Financial Services	Training & Development Requirements				
	Financial Services	Development of IIP throughout the Department				
	Financial Services	Consultancy fees for Oracle GL review	4,319	4,135	184	151
	Financial Services	Review and Development and Training for Corporate Procurement				
	IM&T	ICT security consultant				
	IM&T	Technical support analysts contract extension				
	IM&T	Air Conditioning Project	4,494	4,384	110	125
	IM&T	Training & Development Requirements				
	Business Services	Consultancy Fees for Oracle to address current shortfalls of the System	2,074	2,077	(3)	30
	Housing Benefit	Cost of Resilience Processing				220
	Housing Benefit	Training & Development Requirements	3,797	3,189	608	87
	Housing Benefit	Introduction of Document Imaging (Back scanning costs)				120

## APPENDIX B

## Revenue Roll-Forward Requests 2004/05 into 2005/06

Department	Division	Description	Revised Budget £'000	Actual £'000	Variation £'000	Roll- forward Request £'000
<b>Regeneration &amp; Environment</b>	Leisure	Security improvements in schools & Securing green flag status	1	(20)	21	21
	Land & Property	Environmental work / improvements to shopping parades	154	108	46	40
	Land & Property	Programmed income relating to disposal programme	(50)	(376)	326	290
	Land & Property	Accommodation Strategy	407	149	258	250
	Land & Property	New ways of working pilot	374	350	24	23
	Environment	Street Cleaning - Borough clean up	2,778	2,565	213	230
	Environment	Land and drainage	573	512	61	57
	Planning & Development	Planning delivery grant	0	(91)	91	91
	Planning & Development	Planning preparation & printing of UDP plan - now Local Development Framework	152	13	139	127
	Strategy & Support	Service improvement objective in relation to revised CPA scoring system	250	163	87	30
						<b>1,159</b>
<b>Social Services</b>	Children Social Work (ACPC)	Delays incurred in setting up and getting agreement from all ten partners	9,568	9,190	378	53
	Support - IT	IT equipment - mobile working tablets for social workers	1,973	1,683	290	174
	Physical Disability	Set up cost of new integrated community equipment store	2,525	2,390	135	75
	All Staffing Budget	Underspend on interim / agency budget	29,793	28,998	795	100
<b>Education, Arts &amp; Libraries</b>	Broadway Theatre	Broadway Theatre Management Fee	260	0	260	260
	Butler Court	Improvements at Butler Court	18	(13)	31	10
	Eastbury Manor House	Additional income achieved over and above the income target	190	170	20	20
	Heritage	Contribution from English Heritage to provide for kitchen furniture and equipment	62	12	50	49
	Libraries	Planned underspend on book fund during the relocation of central library	3,596	3,454	142	40
	Libraries	General repairs and maintenance to Libraries	284	217	67	35
<b>Housing &amp; Health</b>	Health & Consumer	Provision for Redundancy costs (to be implemented in 2004/05)	100	23	77	77
	Health & Consumer	Customer support network- externally funded scheme	3	(10)	13	13
	Health & Consumer	Liquor licencing	120	106	14	14
	Health & Consumer	Various Small Projects (e.g. DTI training, Good Motor Trade Scheme)	5	(6)	11	11
						<b>2,978</b>
<b>TOTAL GENERAL FUND ROLL-FORWARDS</b>						

## APPENDIX B

## CAPITAL OUTTURN 2004/5

### Summary of Expenditure

<b>Department</b>	<b><u>Original Budget £000</u></b>	<b><u>Revised Budget £000</u></b>	<b><u>Actual £000</u></b>
Education, Arts and Libraries	28,215	21,257	18,441
Housing and Health	34,596	36,725	32,061
Regeneration and Environment	18,261	18,485	15,462
Social Services	8,250	5,944	5,208
Finance	1,950	2,475	1,179
Corporate Strategy	500	2,710	1,727
Accountable Body	-	1,388	523
	<b><u>91,772</u></b>	<b><u>88,984</u></b>	<b><u>74,601</u></b>

APPENDIX C

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## Appendix D

Department: Education	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: PFI Accommodation	<u>£'000</u> 3,311	<u>£'000</u> 2,149	<u>£'000</u> 1,162
<p><b>Reasons for slippage:</b> The total budget included an amount for furnishing costs. The ordering of this has been deferred until the scheme is nearer to completion so that it is appropriate for the completed scheme allowing for any variations. The school is due to open in August 2005, so this project is expected to complete early in 2005/06.</p>			

Department: Education	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: Children's Centre – Gascoigne	<u>£'000</u> 125	<u>£'000</u> 0	<u>£'000</u> 125
<p><b>Reasons for slippage:</b> Slippage has occurred for the following reasons:</p> <ul style="list-style-type: none"> <li>o There was a delay between the appointment of architects in September 2004 and the appointment of structural and service engineers who were not appointed until early 2005; and</li> <li>o An agreement between the Early Years Unit and the Gascoigne Community Centre on resource sharing could not be reached.</li> </ul> <p>The programme has had to be rescheduled into 2 phases to enable it to proceed. The first phase involving the Childcare Unit has now been able to proceed. The second phase involving the community centre has been deferred until an agreement is reached.</p>			

Department: Education	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: A13 Artscape	<u>£'000</u> 752	<u>£'000</u> 250	<u>£'000</u> 502
<p><b>Reasons for slippage:</b> The scheme was curtailed by the Arts Council of England (ACE) but the remaining internal funding was re-allocated to other to arts projects within the borough with the approval of the Regeneration Board &amp; the Executive. The delay in re-allocation means that the project could not be delivered in 2004/05.</p>			

Department: Housing	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: Major Capital Works	<u>£'000</u> 24,410	<u>£'000</u> 19,949	<u>£'000</u> 4,461
<p><b>Reasons for slippage:</b> The reasons for the underspend are as follows:</p> <ul style="list-style-type: none"> <li>o Restructuring of procurement processes and procedures for the two year capital works programme in order to achieve better value for money; and</li> <li>o Delays resulting from consultation and the involvement of external partners and consultants.</li> </ul> <p>The procurement exercise covered the two year programme for 04/05 and 05/06 therefore, the under-spend of £4.5m has been committed and will be delivered and paid in 05/06.</p>			

## Appendix D

Department: Housing	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: Disabled Facilities Grants	<u>£'000</u> 1,093	<u>£'000</u> 533	<u>£'000</u> 560
Reasons for slippage: Expenditure is linked to demand for the service.			

Department: Regeneration & Environment	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: Cemeteries	<u>£'000</u> 1,486	<u>£'000</u> 130	<u>£'000</u> 1,356
Reasons for slippage: No bid was received from contractors because of the site contamination issues. The project has been re-worked, a report was taken to the Executive in May 2005, and the scheme is expected to progress in 2005/06.			

Department: Regeneration & Environment	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: Barking Town Centre & Lintons Redevelopment	<u>£'000</u> 1,240	<u>£'000</u> 574	<u>£'000</u> 666
Reasons for slippage: Slippage occurred on this scheme as a result of the late receipt of the grant offer which did not allow sufficient time to use the allocation. However, a roll forward of the grant has been agreed to by the ODPM and the scheme will be delivered in 2005/06.			

Department: Regeneration & Environment	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: Lifelong Learning	<u>£'000</u> 2,334	<u>£'000</u> 1,149	<u>£'000</u> 1,185
Reasons for slippage: Early delays were encountered as a result of re-routing electricity cables and the existing Library foundations not being in accordance with the build drawings and as a result the project suffered a mobilisation delay.			

Department: Social Services	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: Day Care Reprovision	<u>£'000</u> 988	<u>£'000</u> 546	<u>£'000</u> 442
Reasons for slippage: The key reasons for slippage on this project were as follows: <ul style="list-style-type: none"> <li>○ Contractors hit a power cable, resulting in the need for redesign work;</li> <li>○ Despite pre-contract soil investigation, contamination was found during landscaping works; and</li> <li>○ Inclement weather.</li> </ul> The project is profiled over two years and the allocation is expected to be spent in 05/06.			

## Appendix D

Department: Finance	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: Revenues Modernisation	<u>£'000</u> 777	<u>£'000</u> 457	<u>£'000</u> 320
<p>Reasons for slippage: Slippage on this scheme was due to delays in selecting the suppliers for the Benefits and EDRM software and contracts being signed with key suppliers during 2004/05. Contracts have now been signed and there is a clear &amp; deliverable project plan which shows the unspent funds in 2004/5 will be required in 2005/6.</p>			

Department: Finance	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: E-Government	<u>£'000</u> 486	<u>£'000</u> 35	<u>£'000</u> 451
<p>Reasons for slippage: The key reason for the delays to this project were delays in the supply of Customer First software from suppliers, which caused knock on delays to the e-government programme. The programme was deferred until 05/06 so as to comply with the wider e-government agenda.</p>			

Department: Corporate Strategy	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: Customer First	<u>£'000</u> 2,683	<u>£'000</u> 1,718	<u>£'000</u> 965
<p>Reasons for slippage: The key reasons for slippage on this project were:</p> <ul style="list-style-type: none"> <li>○ One Stop Shop – delays in the supply of software (v2.1) from suppliers caused delays to other areas of the programme; and</li> <li>○ Office Accommodation – changes in personnel managing the projects resulted in lack of capacity within the areas dealing with initiatives around health &amp; safety, corporate signage and reception improvements.</li> </ul>			

Department: DRE-Accountable Body	<u>Budget</u>	<u>Actual</u>	<u>Underspend</u>
Scheme: Heart of Thames Gateway – Realignment of Ferry Lane & Coldharbour	<u>£'000</u> 347	<u>£'000</u> 0	<u>£'000</u> 347
<p>Reasons for slippage: Slippage occurred due to a landowner dispute leading to a reduced &amp; delayed scheme. This project has been reclassified as a new scheme for 2005/06.</p>			

The total underspend on the capital programme for 2004/05 was £14.4m. The underspend as a result of the above major scheme variances accounts for £12.6m of the total underspend. The balance relates to underspends in a large number of schemes across the whole Council's programme from factors such as delays in letting contracts, lower expenditure than anticipated for in year delivery, consultation delays, changes in scheme designs, etc.

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## CAPITAL OUTTURN 2004/2005

### ROLL-FORWARDS BY CATEGORY

<u>DEPARTMENT</u>	<u>CATEGORY A</u> £'000	<u>CATEGORY B</u> £'000	<u>CATEGORY C</u> £'000	<u>CATEGORY D</u> £'000	<u>CATEGORY E</u> £'000	<u>TOTAL</u> £'000
<b>EDUCATION, ARTS AND LIBRARIES</b>	2,589	125	340	212	-	3,266
<b>HOUSING AND HEALTH</b>	-	-	-	134	4,827	4,961
<b>REGENERATION AND ENVIRONMENT</b>	3,915	138	-	92	-	4,145
<b>SOCIAL SERVICES</b>	658	-	-	68	-	726
<b>FINANCE</b>	1,155	-	-	-	-	1,155
<b>CORPORATE STRATEGY</b>	943	-	-	-	-	943
<b>ACCOUNTABLE BODY</b>	243	250	-	-	-	493
	<u>9,503</u>	<u>513</u>	<u>340</u>	<u>506</u>	<u>4,827</u>	<u>15,689</u>

Roll-forward Categories being:

- A - Stand alone project - Contractually committed
- B - Stand alone project - Pre-contract spend only - Contractually committed
- C - Stand alone project - Pre-contract spend only - Not yet Contractually committed
- D - Rolling Programme - Contractually committed
- E - Rolling Programme - Not Contractually committed

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# APPENDIX E (i)

## CAPITAL OUTTURN 2004/5

### ROLL FORWARD REQUESTS

<u>Scheme</u>	<u>Figures for 2004/5</u>			<u>Roll fwd Request</u> £000	<u>Category</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>		
	£000	£000	£000		
<b><u>EDUCATION, ARTS AND LIBRARIES</u></b>					
<b><u>Primary</u></b>					
Roding and St Teresa kitchen	256	136	(120)	120	A
Grafton Juniors - Art and Music	379	378	(1)	1	A
<b><u>Secondary</u></b>					
Dagenham Park - 4 Court Sports Hall	200	-	(200)	200	C
Warren Science Block	400	392	(8)	7	A
PFI Jo Richardson and Eastbury	3,311	2,149	(1,162)	1,162	A
Sydney Russell Tech Block	1,702	1,621	(81)	81	A
Eastbrook City Learning - ICT	211	139	(72)	72	A
Robert Clack	331	178	(153)	153	A
<b><u>Other</u></b>					
Adult College Reception	280	187	(93)	27	A
Beacon Youth Centre	979	949	(30)	30	A
DDA Access Costs	122	44	(78)	70	D
Education Shape-Up	450	383	(67)	66	D
Sure Start Marks Gate - Outdoor Play Area	70	58	(12)	12	A
John Perry Childrens Centre	474	396	(78)	78	A
Gascoigne Childrens Centre	125	-	(125)	125	B
William Bellamy Childrens Centre	100	21	(79)	79	A
Becontree Childrens Centre	95	49	(46)	46	A
St Georges Complex - B&D Training Unit	50	-	(50)	50	C
School Modernisation Fund	330	300	(30)	30	D
NOF 3 - Stage 2 Lottery Submission	56	10	(46)	46	D
<b><u>Arts and Libraries</u></b>					
Broadway Theatre	2,350	2,212	(138)	54	A
A13 Artscape	752	250	(502)	502	A
New Dagenham Library	90	-	(90)	90	C
Valence Site Redevelopment	120	60	(60)	60	A
Community Music Service	130	25	(105)	105	A
<b>Total Education, Arts and Libraries</b>	<b>13,363</b>	<b>9,937</b>	<b>(3,426)</b>	<b>3,266</b>	

Roll-forward categories being:

- A - Stand alone project - Contractually committed
- B - Stand alone project - Pre-contract spend only - Contractually committed
- C - Stand alone project - Pre-contract spend only - Not yet contractually committed
- D - Rolling programme - Contractually committed
- E - Rolling programme - Not contractually committed

<u>Scheme</u>	<b>Figures for 2004/5</b>				
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Roll fwd</u>	<u>Category</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>Request</u>	
			<u>£000</u>		
<b><u>HOUSING AND HEALTH</u></b>					
<b><u>HRA</u></b>					
Disabled Adaptations	600	565	(35)	35	D
Major Capital Works	24,410	19,949	(4,461)	4,461	E
<b><u>Non-HRA</u></b>					
Site Investigation - Harts Lane	409	301	(108)	108	E
Contaminated Land Programme	317	267	(50)	50	E
Private Sector Housing	671	353	(318)	208	E
New Depot - Wantz Road	185	86	(99)	99	D
<b>Total Housing and Health</b>	<b>26,592</b>	<b>21,521</b>	<b>(5,071)</b>	<b>4,961</b>	

Roll-forward categories being:

- A - Stand alone project - Contractually committed
- B - Stand alone project - Pre-contract spend only - Contractually committed
- C - Stand alone project - Pre-contract spend only - Not yet contractually committed
- D - Rolling programme - Contractually committed
- E - Rolling programme - Not contractually committed

<u>Scheme</u>	<b>Figures for 2004/5</b>				
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Roll fwd</u>	<u>Category</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>Request</u>	
			<u>£000</u>		
<b><u>REGENERATION AND ENVIRONMENT</u></b>					
<b><u>Environment</u></b>					
Street Lighting Programme	495	485	(10)	10	D
Residents Parking - Amenity Greens	96	45	(51)	51	A
20mph Zones	81	69	(12)	12	D
Parking Restrictions - Signs	16	-	(16)	16	B
Radio System for Parking	12	-	(12)	12	B
Detrunking of Old A13	20	7	(27)	27	A
Office Accommodation Civic Centre	389	117	(272)	159	A
CCTV Monitoring accommodation	38	25	(13)	13	A
Barking Barrage	60		(60)	60	B
New Cemetery Site	1,486	130	(1,356)	1,356	A
Goresbrook Leisure Centre	225	94	(131)	131	A
Beam Valley Phases 3 & 4	219	116	(103)	72	A
Barking Park	46	35	(11)	11	A
Green Space Strategy Contingency	10		(10)	10	A
Big Lottery Fund - TYS Programme	51	44	(7)	7	A
Park Masterplans	44	42	(2)	1	A
Curfew Tower - LBBD Contribution	50	-	(50)	50	B
Castle Green Wheel Park	170	150	(20)	20	A
Capitalised Major Repairs Programme	1,010	935	(75)	70	D
<b><u>Regeneration</u></b>					
Barking Town Centre Partnership	186	1	(185)	185	A
Barking Town Centre Lifelong Learning	2,334	1,149	(1,185)	1,185	A
Barking Town Centre & Lintons	1,240	574	(666)	666	A
Barking Child and Family Health Centre	30	9	(21)	21	A
<b>Total Regeneration and Environment</b>	<b>8,308</b>	<b>4,013</b>	<b>(4,295)</b>	<b>4,145</b>	

Roll-forward categories being:

A - Stand alone project - Contractually committed

B - Stand alone project - Pre-contract spend only - Contractually committed

C - Stand alone project - Pre-contract spend only - Not yet contractually committed

D - Rolling programme - Contractually committed

E - Rolling programme - Not contractually committed

<u>Scheme</u>	<b>Figures for 2004/5</b>			<u>Roll fwd Request</u> £000	<u>Category</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>		
	£000	£000	£000		
<b><u>SOCIAL SERVICES</u></b>					
Grays Court	4,031	3,835	(196)	196	A
Day Care Reprovision	988	546	(442)	442	A
Shape-Up	405	337	(68)	68	D
Accommodation Fit for Purpose	506	486	(20)	20	A
<b>Total Social Services</b>	<b>5,930</b>	<b>5,204</b>	<b>(726)</b>	<b>726</b>	

<u>Scheme</u>	<b>Figures for 2004/5</b>			<u>Roll fwd Request</u> £000	<u>Category</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>		
	£000	£000	£000		
<b><u>FINANCE</u></b>					
Revenue Services - Accommodation	300	105	(195)	45	A
Revenue Services - Replace IT System	777	457	(320)	320	A
ICT - Infrastructure and Air Conditioning	911	572	(339)	339	A
E-govt Programme	486	35	(451)	451	A
<b>Total Finance</b>	<b>2,474</b>	<b>1,169</b>	<b>(1,305)</b>	<b>1,155</b>	

<u>Scheme</u>	<b>Figures for 2004/5</b>			<u>Roll fwd Request</u> £000	<u>Category</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>		
	£000	£000	£000		
<b><u>CORPORATE STRATEGY</u></b>					
St Georges Complex - New Building	26	8	(18)	18	A
Customer First - One Stop Shop	1,714	1,437	(277)	277	A
Office Accommodation - Customer First	969	281	(688)	648	A
<b>Total Corporate Strategy</b>	<b>2,709</b>	<b>1,726</b>	<b>(983)</b>	<b>943</b>	

Roll-forward categories being:

- A - Stand alone project - Contractually committed
- B - Stand alone project - Pre-contract spend only - Contractually committed
- C - Stand alone project - Pre-contract spend only - Not yet contractually committed
- D - Rolling programme - Contractually committed
- E - Rolling programme - Not contractually committed

<u>Scheme</u>	<b>Figures for 2004/5</b>			<b>Roll fwd Request £000</b>	<b>Category</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>		
	<b>£000</b>	<b>£000</b>	<b>£000</b>		
<b><u>ACCOUNTABLE BODY</u></b>					
HoTG - Industrial Estates Revitalisation	275	117	(158)	158	A
LRL - UTC Green Links	100	15	(85)	85	A
LRL - A1306 Ballards to Beam River	250	-	(250)	250	B
<b>Total Accountable Body</b>	<b>625</b>	<b>132</b>	<b>(493)</b>	<b>493</b>	

<b>LBBB Total</b>	<b>60,001</b>	<b>43,702</b>	<b>(16,299)</b>	<b>15,689</b>
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**Funded by:**

LBBB	7,397
External	8,292
	<b>15,689</b>

Roll-forward categories being:

- A - Stand alone project - Contractually committed
- B - Stand alone project - Pre-contract spend only - Contractually committed
- C - Stand alone project - Pre-contract spend only - Not yet contractually committed
- D - Rolling programme - Contractually committed
- E - Rolling programme - Not contractually committed

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## CAPITAL OUTTURN 2004/5

## CATEGORY C SCHEMES

<u>Scheme</u>	Figures for 2004/5			
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Roll fwd</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>Request</u>
				<u>£000</u>
<b><u>EDUCATION, ARTS AND LIBRARIES</u></b>				
Dagenham Park - 4 Court Sports Hall	200	-	(200)	200
St Georges Complex - B&D Training Unit	50	-	(50)	50
New Dagenham Library	90	-	(90)	90
<b>Total Education, Arts and Libraries</b>	<b>340</b>	<b>-</b>	<b>(340)</b>	<b>340</b>

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## CAPITAL OUTTURN 2004/2005

Budgets to be brought forward from 2005/2006 to 2004/2005

Scheme	2004/2005			2005/2006 Budget	
	<u>Budget</u>	<u>Actual</u>	<u>Variation</u>	<u>Budget</u>	<u>Reduced amount</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b><u>EDUCATION, ARTS AND LIBRARIES</u></b>					
<b><u>Primary</u></b>					
Valence Infants - kitchen	528	555	27	8	8
<b><u>Secondary</u></b>					
Barking Abbey Phase 4	1,780	2,025	245	86	86
Dagenham Priory - Hall and Footpath	1,250	1,360	110	70	70
<b><u>Others</u></b>					
Sure Start Thames View	1,108	1,218	110	127	110
<b><u>Arts and Libraries</u></b>					
Eastbury Manor House	171	182	11	106	11
<b>Total Education, Arts and Libraries</b>	<b>4,837</b>	<b>5,340</b>	<b>503</b>	<b>397</b>	<b>285</b>
<b><u>HOUSING AND HEALTH</u></b>					
Capitalised Repairs - Shape Up	6,500	7,358	858	2,000	858
<b>Total Housing and Health</b>	<b>6,500</b>	<b>7,358</b>	<b>858</b>	<b>2,000</b>	<b>858</b>
<b><u>REGENERATION AND ENVIRONMENT</u></b>					
<b><u>Environment</u></b>					
Traffic Schemes - Various	1,629	1,684	55	1,125	55
Highways Structural Repairs	1,511	1,579	68	1,900	68
Relocation of Eastbrook Garage	-	11	11	803	11
CCTV - Barking Town Centre	84	89	5	195	5
Asbestos Removal	989	1,112	123	993	123
Maritime House	-	17	17	250	17
<b><u>Regeneration</u></b>					
Dagenham Dock Interchange	120	121	1	2,880	1
Barking Town Centre Artwork	260	266	6	360	6
Barking Town Centre Public Realm	1,245	1,427	182	1,910	182
<b>Total Regeneration and Environment</b>	<b>5,838</b>	<b>6,306</b>	<b>468</b>	<b>10,416</b>	<b>468</b>
<b>TOTAL</b>	<b>17,175</b>	<b>19,004</b>	<b>1,829</b>	<b>12,813</b>	<b>1,611</b>

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## **The Prudential Code for Capital Investment in Local Authorities**

### **Outturn Report 2004/05**

#### **1. The Prudential Framework for Local Authority Capital Investment**

- 1.1. The Prudential Code for Capital Investment commenced on the 1<sup>st</sup> April 2004. This system replaced the existing complex system of central Government control over council borrowing, although the Government has retained reserve powers of control which it may use in exceptional circumstances.
- 1.2. The new regime offers significantly greater freedom to authorities to make their own capital investment plans, whereas the previous system restricted authorities to credit approvals controlled by central government.
- 1.3. Within this new regime, authorities must have regard to the *Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities*. The principles behind this code are that capital investment plans made by the Council are prudent, affordable and sustainable. The code identifies a range of indicators which must be considered by the Council when it makes its decisions about future capital programme and sets its budget.

#### **2. The Prudential Indicators**

- 2.1. The Prudential Code sets out the information that each Council must consider when making its decisions about future borrowing and investment. This takes the form of a series of "Prudential Indicators".
- 2.2. The Code is a formal statement of good practice that has been developed to apply to all authorities regardless of their local circumstances. For example, while Barking and Dagenham is in a debt free position, the indicators in respect of borrowing will not be directly relevant for 2004/05. However, spending on the capital programme results in reduced interest on investments, which creates a gap in the revenue budget, and represents a sum that could otherwise have been spent reducing Council Tax levels, or being spent on other priorities.
- 2.3. This appendix will set out the original estimated 2004/05 prudential indicators as approved by the Council in March 2004, the revised estimates following in year budget adjustments as reported with the capital budget report in March 2005, and the actual

outturn position, now that the final spend on the capital programme for 2004/05 is known.

### 3. **Capital Expenditure**

- 3.1 The first prudential indicator sets out **capital expenditure** both for the General Fund, and Housing Revenue Account Expenditure. These figures are shown in table 1:

Table 1: Capital Expenditure (Prudential Indicator)

	2004/05 Original Estimate	2004/05 Revised Estimate	2004/05 Actual
	£'000	£'000	£'000
HRA	38,856	31,510	27,872
General Fund	60,242	56,360	46,729
Total	99,098	87,870	74,601

- 3.2 Table 1 shows that actual capital expenditure fell short of budgeted levels in 2004/05. The reasons for this are set out in detail in the main body of the outturn report.
- 3.3 The knock on effect of the reduction in spend on the capital programme is a reduction in the costs associated with financing the capital programme, and these are considered in the next section.

### 4. **Financing Costs**

- 4.1 The prudential code also requires Councils to have regard to the financing costs associated with its capital programme.
- 4.2 For an authority that has debt, the prudential indicator for its financing costs is calculated based on the interest and repayment of principle on borrowing. Conversely, for an authority without debt, it is the interest and investment income from its investments. This income contributes to the financing of the Council's revenue budget. However, when capital receipts are used to finance the capital programme, the amount of interest earned will be reduced. The use of capital receipts to finance the capital programme, rather than to raise interest receipts, is therefore a cost to the Council.
- 4.3 Since the authority does not borrow there is no Minimum Revenue Provision ("repayment of principle") in the General Fund financing costs. For the HRA there is, however, a charge for depreciation based on the Major Repairs Allowance. This is included in the financing costs of the authority although in practice it is matched by an equivalent amount in HRA Subsidy.
- 4.4 Table 2 shows outturn figures for 2004/05 in respect of the Council's Net Revenue Streams for both the General Fund and the Housing Revenue Account, Financing Costs for these two funds and the ratio of Net Revenue Streams to Financing Costs, based on capital expenditure shown in Table 1.

Table 2: Financing Costs (Prudential Indicator)

	2004/05 Original Estimate	2004/05 Revised Estimate	2004/05 Outturn
	£'000	£'000	£'000
<b>Net Revenue Stream</b>			
HRA	57,400	57,400	60,063
General Fund	220,168	220,168	212,101
<b>Financing Costs</b>			
HRA	13,200	13,200	14,888
General Fund	(3,409) %	(5,114) %	(6,292)
<b>Ratio</b>			
HRA	23.00	23.00	24.79
General Fund	(1.55)	(2.32)	(2.97)

- 4.4 The outturn position for the HRA shows a higher revenue stream than budgeted, with financing costs slightly higher than the original budget. The ratio of revenue streams to financing costs has therefore remained in line with the original estimate.
- 4.5 The outturn position for the General Fund shows a reduced net revenue stream. In addition the reduction in spend on the General Fund element of the capital programme has resulted in higher levels of interest being earned on capital receipts than expected. As a result of both of these factors, rather than the budgeted contribution of 2.32% the actual contribution was 2.97%.
- 4.6 Financing costs can also be shown with reference to their impact on Council Tax and Housing Rents and this is set out in Table 3.

Table 3: The Impact of Capital Programme on the Council Tax and Housing Rents (Prudential Indicator)

	2004/05 Original Estimate	2004/05 Revised Estimate	2004/05 Outturn
	£	£	£
For Band D Council Tax	17.97	17.97	13.40
For average Housing Rents	0	0	0

- 4.7 The table shows that, as a result of the underspend on the capital programme, the loss of interest and burden on the revenue budget for 2004/05 (and by definition on Council Tax levels) as a result of new schemes was lower than expected.
- 4.8 As a consequence of the absence of debt and the Government's policy on rent restructuring the capital programme has a minimal impact on future rents. There are no borrowing costs and the revenue contribution to capital expenditure is set according to the rent levels that are established by the rent restructuring regulations.

## 5. Capital Financing Requirement

- 5.1 The Prudential Code requires the Council to measure its underlying need to borrow for capital investment by calculating its **Capital Financing Requirement**.
- 5.2 The outturn position for this is shown in table 4 below. The capital financing requirement identifies the level of capital assets on an authority's balance sheet, and compares this to the capital reserves to see how much of these assets have been "funded". The difference is the level of debt that the authority has to repay in the future, or the "capital financing requirement".

Table 4: Capital Financing Requirement (Prudential Indicator)

	2004/05 Original Estimate	2004/05 Revised Estimate	2004/05 Outturn
Housing Revenue Account (HRA)	(26,627)	(26,653)	(23,216)
General Fund	25,391	26,501	23,064
<b>Capital Financing Requirement</b>	<b>(1,236)</b>	<b>(152)</b>	<b>(152)</b>

- 5.3 After making an adjustment to fund capital creditors at 31<sup>st</sup> March 2005, the CFR remains at (£152k). This is consistent with the budgeted position, and the Medium Term Financial Strategy (MTFS) as the Council has no borrowing.

## 6. External Debt

- 6.1 Table 5 sets out the prudential indicators in borrowing limits. The Council is required to set two limits, an operational limit which should be kept to on a day to day basis (but could be exceeded for short term, "cashflow" purposes), and an authorised limit, which is the outer limit for borrowing in exceptional purposes. In the medium term local authorities only have the power to borrow for capital purposes.
- 6.2 The operational limit was set at £0, as the Council does not plan to borrow any money apart from in exceptional, "cashflow" situations. The authorised limit was set at £5m to allow for these exceptional situations.
- 6.3 The Council remained within its authorised limit throughout 2004/05. The Council borrowed £700,000 overnight for cashflow purposes once in the year.

Table 5: Authorised Borrowing Limits (Prudential Indicator)

	2004/05 £'million Original Estimate	2004/05 £'million Revised Estimate
<b>Operational Limit on Borrowing</b>	0	0
Margin for Unforeseen Cash Flow Movements	5.0	5.0
<b>Authorised Limit</b>	5.0	5.0



## **7. Treasury Management Indicators of Prudence**

7.1 The authority has an integrated treasury management strategy and has adopted the *CIPFA Code of Practice for Treasury Management in the Public Sector*. The *Prudential Code for Capital Finance in Local Authorities* supplements this by requiring council's to set and monitor specific indicators to demonstrate the prudence of its treasury management policies. The position against these indicators for 2004/05 is set out below:

### **a) Interest Rate Exposure**

#### ***Indicator set:***

The Council will not be exposed to any interest rate risk since all its borrowing will be at known overdraft rates (if this occurred) and fixed rates.

#### ***Outturn position:***

The Council was not exposed to any interest rate risk in 2004/05.

### **b) Maturity Structure of Borrowing**

#### ***Indicator set:***

All the Council's borrowing will be for a period of less than one year.

#### ***Outturn position:***

The Council borrowed once in 2004/05, and this was for overnight purposes.

### **c) Total Principle Sums Invested**

The overriding objective of the investment strategy is to ensure that funds are available on a daily basis to meet the Council's liabilities. The risk inherent in the maturity structure of the Council's investments is that it may be forced to realise an investment before it reaches final maturity and thus at a time when its value may be dependent on market conditions that cannot be known in advance.

#### ***Outturn position:***

The maturity structure of the Council's investments in 2004/05 was such that it did not have to release any of its investments before they reached their maturity date.

## **8. Summary Assessment**

8.1 The outturn position is set out above in respect of the Prudential Indicators approved in February 2004.

8.2 The outturn figures confirm that the limits and controls set for 2004/05 were applied throughout the year, and that the treasury management function and capital investment decisions adhered to the key principles of the CIPFA Prudential Code of **prudence**, **affordability** and **sustainability**.

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## THE EXECUTIVE

12 JULY 2005

### JOINT REPORT FROM THE DIRECTOR OF REGENERATION AND ENVIRONMENT AND THE DIRECTOR OF HOUSING AND HEALTH

AXE STREET AREA - DECANT AND MASTER PLAN CONSULTATION REPORT	FOR DECISION
<p><b>Summary</b></p> <p>The Executive previously agreed to the undertaking of Master Plan and feasibility work for the Axe Street area (Executive Minute 295 - 8 February 2005). Now this work has progressed, there is a need to commence negotiation with tenants and leaseholders in relation to decanting and to undertake public consultation on a preferred Master Plan for the area, to enable development to move forward. This will involve viability testing, and developing more detailed designs.</p> <p>The Axe Street area provides a key opportunity to contribute to the regeneration of Barking Town Centre in line with the agreed Barking Town Centre Framework Plan (Executive Report and Minute 263 - 18 March 2003). The approval of this report in its entirety would enable the development programme to proceed.</p> <p><b>Ward Affected</b> – Abbey</p> <p><b>Implications</b></p> <ul style="list-style-type: none"> <li>• <b>Equalities and Diversity:</b> The Master Plan proposal seeks to be inclusive in terms of uses recommended for the area. A mix of housing types and tenures will be provided to meet different needs. Details of accessibility will be dealt with at the detailed design stage, whilst safety will also be addressed in the Master Planning process. Consultation will be undertaken that includes and involves disadvantaged groups.</li> <li>• <b>Crime and Disorder:</b> The population and use of the area is likely to increase following redevelopment although this is likely to reduce fear of crime. The Police are being involved in initial Master Plan discussions and a Crime Prevention Officer will be involved in the development of detailed design.</li> <li>• <b>Risk Management:</b> In order to minimise risks, project meetings are taking place on a fortnightly basis and a monitoring system is in place to ensure milestones are being achieved. A detailed consultation programme is underway and steps are being taken to acquire the properties and land necessary to take forward proposed development. Risks associated with spending of the Office of the Deputy Prime Minister (ODPM) funding by March 2006 are being managed by a degree of over programming to ensure funding is fully utilised, and regular dialogue with the ODPM to maximise the flexibility with which the funding can be used.</li> <li>• <b>Financial:</b> The financial implications of decanting the residential tenants and leaseholders will be in the region of £115,600. This will be met from the ODPM</li> </ul>	

Sustainable Communities funding awarded for land acquisition.

- **Legal:** Advice has been sought in relation to the land acquisition process.

### **Recommendation**

The Executive is requested to:

1. agree to commence the negotiations to decant of tenants and leaseholders on the site;
2. Agree to Officers undertaking further stakeholder and resident consultation on the preferred option for a Master Plan for the area.

### **Reason**

In order to allow Officers to undertake the necessary steps to bring the site forward for redevelopment and assist the Council in achieving its Community Priority of 'Regenerating the Local Economy'.

<b>Contact:</b> Claire Adams	Principal Regeneration Officer	Tel: 020 - 8227 5325 Fax: 020 - 8227 5326 Minicom: 020 - 8227 3034 Email: <a href="mailto:claire.adams@lbbd.gov.uk">claire.adams@lbbd.gov.uk</a>
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## **1. Background**

- 1.1 A previous report to the Executive (8 February 2005 – Minute 295) outlined the timetable for master plan and feasibility work for the Axe Street Area and the process for consultation. It was explained that the proposals for redevelopment for this area would come from the Master Plan that is being developed in partnership with English Partnerships.
- 1.2 Allies and Morrison Architects were appointed following Executive approval on 10 May 2005 (Minute 403) and a project group was established including associated consultants DTZ (Property) and Mouchel Parkman (Transport), who have also produced the Barking Town Centre Movement Strategy (May 2005). The Council, English Partnerships and the Greater London Authority (Architecture and Urbanism Unit) are overseeing this work.

## **2. Master Plan Options**

- 2.1 A preferred proposal is being developed for the Axe Street Area Master Plan in the context of the Barking Town Centre Movement Strategy (Also on this agenda) and the Council's Accommodation Strategy. The extent of the Master Plan area is shown on Plan 1 attached. Further testing of this and other options, in terms of market viability, vehicular movement and costing, will be carried out by the project group over the next couple of months.
- 2.2 The preferred Master Plan option will likely incorporate key use units such as a Health Centre (funding for this has been secured from the ODPM Sustainable

Communities Fund), residential as well as retail to enliven the area. Replacement of car parking space will also need to be pursued, as the Axe Street car park site will be redeveloped for housing (The loss of income from this car park is outlined in a previous Executive Report and Minute 261 – 27 January 2004). It is envisaged that frontage to the Broadway would remain as A3 (i.e. restaurant or café uses) but enable the development of a better façade as part of a cultural, leisure and retail street on to Barking Central Open Space. In order to enable greater linkages between the Gascoigne Estate, Barking Town Square and East Street, a high degree of permeability for pedestrians will also be a requisite. The southern part of the site is likely to see retention of the existing parade of shops (32 to 58 Ripple Road), and the Elim Christian Centre and the Messianic Testimony Hall but both surrounded by better landscaping.

### **3. Decanting Residents**

- 3.1 During consultation on Master Plan proposals, in order to prepare the sites for redevelopment, Officers would like to formally pursue with tenants and leaseholders, decanting the following premises:

2, 5, 6, Wellington Street  
65 Axe Street  
39-41, 43, and 45 Axe Street

- 3.2 Compensation will be payable to the four secure tenants in accordance with national guidelines.
- 3.3 There is one leaseholder (Axe Street Project) whose lease expires in August 2005. They are seeking to renew the lease which is likely to be offered for 10 years with a 6 month break clause. When necessary, they will be contacted with a preliminary 'offer' to acquire the leasehold interest and relocated, as they provide an important service within Barking Town Centre. There is a risk that new accommodation may not be found quickly enough to clear the site for development. Early discussions have taken place with the Axe Street Project Manager to assess their requirements and potential new premises are being sought.
- 3.4 There are also inter-departmental agreements with Gascoigne Sure Start and the Council's Car Parking Enforcement Team. The Sure Start team are proposed to move into a new purpose built centre, which is being constructed on Gascoigne Estate, in Summer 2006. Alternative premises will be sought for the Enforcement Team.
- 3.5 The report in the private and confidential section of this agenda gives a breakdown of the anticipated costs of decanting tenants and leaseholders.
- 3.6 The approval is therefore sought to commence decanting of the existing tenants and leaseholder from the site.
- 3.7 There are an additional three properties currently owned by the London Development Agency (1 and 3 Wellington Street and 47 Axe Street) which will be bought by the Council for an agreed sum of £1. The properties currently house East Thames Housing Association residents and will be decanted by the Housing Association to other properties in their portfolio without the Council incurring costs or any liability.

#### **4. Consultation Strategy**

- 4.1 At the beginning of April 2003 120 plus residents in proximity of the site (Gascoigne Estate, Ripple Road, Axe Street, and Wellington Street as well as a number of businesses and community organisations) were sent a letter and questionnaire informing them of the Council's decision to redevelop the car park site. The responses were outlined in a report to the Executive on 27 January 2004 (Minute 261).
- 4.2 A further letter was been sent to all residents, organisations and businesses within the Master Plan area in January 2005 informing them of the process, and several telephone conversations and stakeholder meetings have taken place. These are summarised in Appendix A. In addition a stakeholder workshop took place on 15 June 2005 in order to gain initial comments and input into the proposal.
- 4.3 To bring forward proposals, the Executive is requested to agree to Council Officers undertaking further public consultation, including individuals and groups that represent the community, businesses and individuals who are likely to be affected. This will ensure that the Council has a representative view of everyone who lives or works within the wider site area of the proposals that are being recommended, at an early stage. This will take place in the form of individual and group meetings.

#### **5. Next Steps**

- 5.1 The next step for the project team is to further develop the initial proposals. This work will involve viability testing, including identifying market demand, financial costs, transport implications and phasing, and developing more detailed designs so that a greater understanding is gained on the number and type of housing units, the nature and size of the health centre, and the level of office retail, community and leisure space that can be accommodated. An additional report will be presented to the Executive outlining the health centre proposal.
- 5.2 The following timetable for taking forward the Master Plan is proposed:-

July / August 2005	Public consultation
July / August 2005	Commence negotiations with tenants and leaseholders re: decant
August 2005	Issue Initial Demolition Notice
September 2005	Draft Master Plan complete
September 2005	Final draft Master Plan to Barking Town Centre Strategy Group
September 2005	Final draft Master Plan to Regeneration Board
October 2005	Final Master Plan Report to The Executive.
October 2005	Planning consent for Phase One housing
November 2005	Commence construction of Phase One housing
November 2005	Complete decant of all residential tenants
December 2007	Completion of Phase One housing
December 2010	Greater Axe Street Development Complete (a more accurate programme will be drawn up following completion of Master Plan)

## **6. Financial Implications**

- 6.1 There are no additional financial implications to the Council by agreeing to carry out further work and consultation to develop the preferred Master Plan option. These costs can be met from existing Master Plan funding. The Council is agreeing to undertake further viability testing to better understand the cost implications of the proposals. This will then be reported back to the Executive for consideration. This work forms part of the initial contract which is being jointly funded by the Council and English Partnerships.
- 6.2 The financial implications of decanting tenants and leaseholders in the properties outlined in 3.1 are approximately £115,600. Further details are contained in the private and confidential section of this agenda.
- 6.3 The cost of decanting tenants and leaseholders will be met from the ODPM Sustainable Communities funding for land acquisition. An offer letter was received from the ODPM on 25 January 2005 confirming grant funding of £4,025,000. The offer letter has been signed by the Director of Finance and constitutes a funding agreement until 31 March 2006.
- 6.4 The key risk associated with the ODPM funding is failure to spend the grant by March 2006. There has been a degree of over programming for this funding to ensure that it is fully utilised within the agreed timeframe and regular dialogue is taking place with the ODPM to maximise the flexibility with which the funding can be used.

## **7. Staffing Implications**

None

## **8. Consultation**

Regeneration Board – 28 June 2005

### **Councillors**

#### **Lead Members**

Regeneration, Councillor Kallar  
Landlord Services, Cllr Smith

#### **Ward Councillors**

Cllr Bramley  
Cllr Fani  
Cllr Alexander

### **Officers**

#### **Finance**

Alex Anderson, Head of Regeneration Finance  
Colin Rigby, Head of Housing Finance

**DRE**

Colin Beever, Head of Property

Peter Wright, Head of Planning and Transportation

Allan Aubrey, Head of Leisure

**CS**

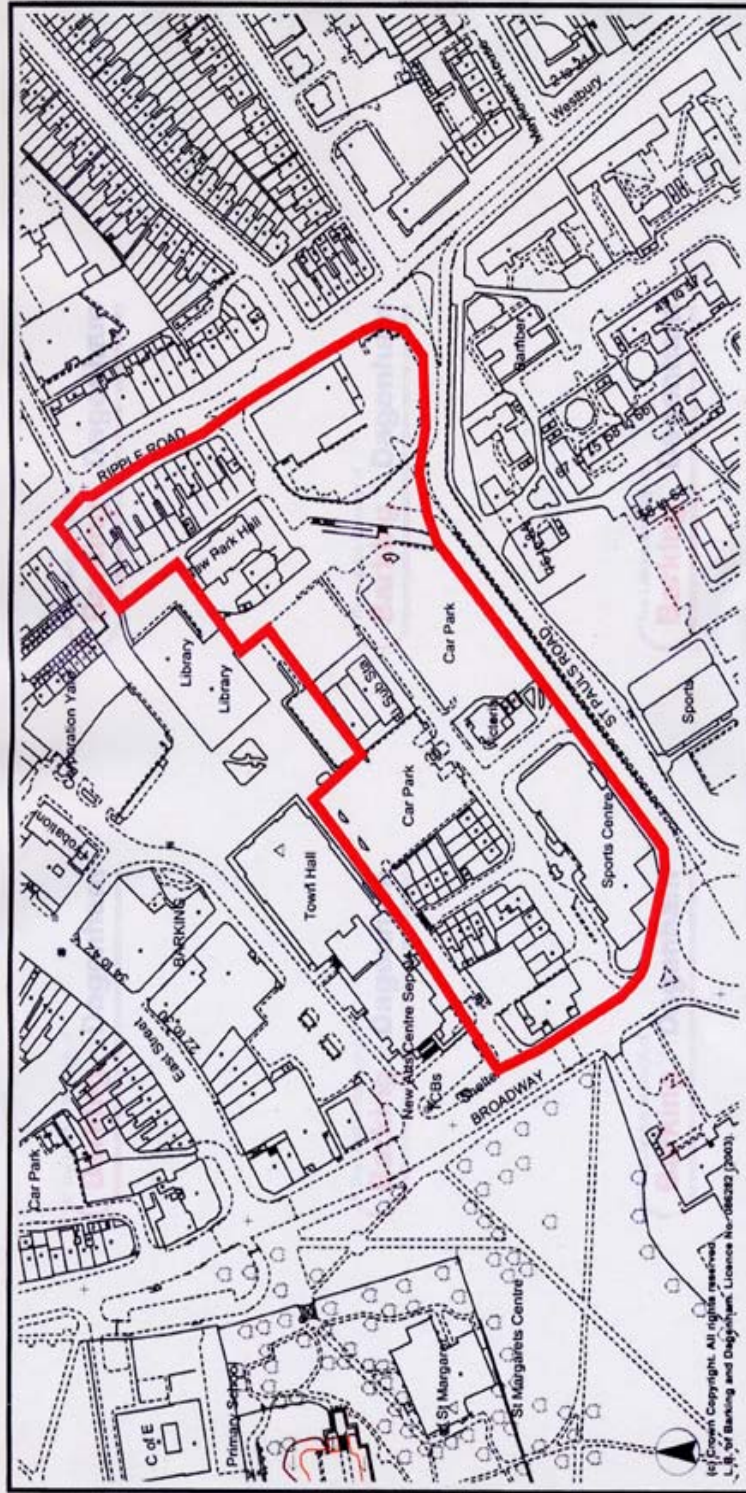
Muhammed Saleem, Solicitor to the Council and Monitoring Officer

**Background Papers**

- Executive Report and Minute 263 (18 March 2003) – Barking Town Centre Action Plan 2003/2004
- Executive Report and Minute 261 (27 January 2004) – Axe Street Town Square Phases 1 and 2 Planning brief.
- Executive Minute 295 (8 February 2005) – Axe Street Area Redevelopment.
- Executive Minute 403 (10 May 2005) – Axe Street Master Plan and Barking Town Centre Urban Design Principles – Tender Issues.
- Executive Minute 402 (10 May 2005) – Acquisition of properties and authority to use Compulsory Purchase Order powers - Development of the Axe Street, The Lintons and London Road areas.
- Mouchel Parkman (May 2005) Barking Town Centre Movement Strategy.
- Executive Report (12 July 2005) Barking Town Centre Movement Strategy.



**Plan 1 – Extent of Axe Street Master Plan Area**



**TITLE: London Borough of Barking and Dagenham**

Scale: 1:1721  
 Mapsheet: TQ4483NW  
 Date: 29/09/2004 09:46  
 Produced by:

**The London Borough of Barking & Dagenham**  
 Town Hall, Barking, IG11 7LU  
 Tel: 020 8592 4500

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## Appendix A - Summary of Consultation

Name/Address	Method and Date of Consultation	Discussion and Comments
1-8 Wellington Street 39-65 (odds) Axe Street Elim Christian Centre Messianic Testimony The Victoria PH The Captain Cook PH 32 – 58b (evens) Ripple Road Lidl, Ripple Road	18 January 2005  Letter informing of master plan process and Axe St car park planning application.	
Axe Street Project, 39-41 Axe Street	25 January 2005  Telephone	Had concerns about moving premises and wanted to ensure that the project stayed in Barking Town Centre.  Will assist in finding new premises in BTC.
Axe Street (Resident)	25 January 2005 Telephone	Had concerns about dust during construct and additional traffic caused as a result development
Victoria PH (agent)	1 February 2005  Telephone	Requested further information about the car park scheme and master planning.  Provided information over the phone.
Axe Street (resident)	February 2005  Telephone	Resident had bought property through Homebuy and does not want to move for financial reasons.  Put in contact with Housing Team.
Ripple Road (Business)	February 2005  Email	Asked if the shop units were likely to be demolished as a result of redevelopment.  Informed business that this was a possibility in the medium term. May 05 – Informed business that master planners were not recommending any change to the Ripple Road parade.
Captain Cook PH	Telephone	Requested further information about master planning.  Provided information over the phone.
Messianic Testimony	February 2005  Telephone	Requested further information about master planning.  Provided information over the phone.
Elim Christian Centre	February 2005  Telephone	Requested further information about master planning and wanted clarity on what buildings would be Compulsory Purchased.  Agreed to arrange meeting with master planners.
Elim Christian Centre	20 April 2005	Master planners explained the process and

	Meeting	<p>The Reverend explained his ideas for the Church and surrounding area.</p> <p>Have incorporated some of churches proposals in master plan options and will update as master plan progresses.</p>
Broadway Theatre	20 April 2005 Meeting	<p>Director explained servicing, access and parking requirements of the theatre.</p> <p>Will take into account requirements in development of options and update as master plan progresses.</p>
Ripple Road (Business)	3 May 2005 Telephone	<p>Asked if the shop units were likely to be demolished as a result of redevelopment.</p> <p>Informed business that master planners were not recommending any changes to the Ripple Road parade.</p>
Axe Street Project	24 May 2005 Meeting	<p>Discussed draft proposals and how this may affect premises. Discussed workings of project and requirements for alternative premises if relocation is necessary.</p>

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## THE EXECUTIVE

14 JUNE 2005

## REPORT FROM THE DIRECTOR OF REGENERATION AND ENVIRONMENT

<b>BARKING AND DAGENHAM SUSTAINABLE ENERGY STRATEGY</b>	<b>FOR DECISION</b>
<p><i>This report is presented to the Executive for the adoption of the Sustainable Energy Strategy as a corporate strategy and support the establishment of an Energy Strategy Steering Group.</i></p> <p><b>Summary</b></p> <p>The Barking and Dagenham Sustainable Energy Strategy (Appendix A) aims to reduce the Borough's climate change impact. It is a corporate strategy with cross-cutting policies influencing most departments. Due to the importance of climate change, it has the potential to become a high profile strategy for the Council.</p> <p>The Strategy contains policies to promote energy efficiency and renewable energy in existing buildings and in new buildings and the regeneration of the Borough. The Strategy has eight Strategic Objectives, forty three policies and fifty six actions.</p> <p>The Implementation Plan (Appendix B) will be taken forward by the Energy Strategy Steering Group and it provides an indication of the resource implications of the Strategy, but detailed assessments will need to be compiled for each policy by the council section responsible for its implementation.</p> <p>Any additional funding required to implement the Strategy will be subject to either the capital bid process or the 2006/07 revenue budget process. There are also substantial external funding pots available for implementing this Strategy.</p> <p>The Council 'leading by example' is a vital component of this Strategy – core to this will be an 'invest to save' approach to improving the energy efficiency of council buildings.</p> <p>Key climate change initiatives are brought together in this Strategy, such as improving the energy performance of housing, implementing the London Plan's energy policies and the Mayor's policy for a 'zero carbon' development in every borough.</p> <p>The Greater London Authority (GLA) has also chosen Barking Town Centre to be one of only five 'Energy Action Areas' in London to act as 'showcase low carbon communities'. This will involve the Council working with the GLA and other key regeneration partners to ensure that sustainable energy technologies are an integral part of the regeneration of the town centre. This was approved by the Executive at its meeting on 28 June 2005.</p> <p>Corporate endorsement of the Strategy will help boost its profile and give its policies a higher priority. Having the Strategy in place will significantly increase the Council's chances of obtaining external funding.</p> <p><b>Wards Affected - All.</b></p>	

## Recommendations

The Executive is recommended to:

1. Adopt the Sustainable Energy Strategy as a corporate strategy;
2. Support the establishment of an Energy Strategy Steering Group to oversee the implementation and monitoring of the Strategy;
3. Note that any additional funding required to deliver the Strategy will be subject to either the capital bid process or the 2006/07 revenue budget process.

## Reason

This Strategy directly contributes to the following Community Priorities

- Making Barking and Dagenham Cleaner, Greener and Safer
- Improving Health, Housing and Social Care
- Regenerating the Local Economy
- Raising General Pride in the Borough

<b>Contact</b> Gordon Glenday	Sustainable Development Group Manager	Tel: 020 8227 3929 Fax: 020 8227 3774 Minicom: 020 8227 3034 E-mail: <a href="mailto:gordon.glenday@lbbd.gov.uk">gordon.glenday@lbbd.gov.uk</a>
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## 1. Background

- 1.1 The Cleaner, Greener and Safer sub-group of the Barking and Dagenham Partnership has requested a climate change and energy strategy for the Borough. The Council signed the Nottingham Declaration on Climate Change in July 2001 which commits the Council to prepare a strategy to reduce energy consumption and carbon dioxide emissions.
- 1.2 In addition, the Mayor of London published his Energy Strategy in 2004 which outlines policies for reducing London's carbon dioxide emissions; this Barking and Dagenham Energy Strategy aims to implement these policies.
- 1.3 The first draft of this Sustainable Energy Strategy was produced in 2002 but due to the extensive work required in its development and its cross-cutting nature it failed to progress. It has been taken forward by the Environmental Sustainability Team over the last eight months so as to provide a strategic framework for addressing carbon dioxide emissions across the Borough. This Energy Strategy closely follows the Mayor of London's Energy Strategy and it aims to implement national and regional climate change policy at the local level.
- 1.4 The Sustainable Energy Strategy contributes directly to four of the Community Priorities:

- Making Barking and Dagenham Cleaner, Greener and Safer – through addressing a key environmental issue;
- Improving Health, Housing and Social Care – addressing fuel poverty is important in improving health, housing and quality of life;
- Regenerating the Local Economy – sustainable energy is a growing business area; and,
- Raising General Pride in the Borough – a greener Borough and more eco-friendly buildings like the Millennium Centre will contribute to the pride within the Borough.

1.5 This is an ambitious long-term strategy for a ‘low carbon’ Borough which aims to address all carbon dioxide emissions in the Borough, including those from the Council’s own activities, housing, business and transport.

1.6 Implementation will be overseen by the Energy Strategy Steering Group which will meet quarterly. The Strategy is being led by the Sustainable Development Group in the Department of Regeneration and Environment, and has been written in conjunction with Transportation, Asset Management, Regeneration, Economic Development and also with the Housing and Education departments. Policies and actions fall on all these sections of the Council.

1.7 The Sustainable Energy Strategy is attached as Appendix A and the Implementation Plan is attached as Appendix B. As the Energy Strategy Steering Group will be responsible for implementing the Implementation Plan, the timetable of the Plan is provisional at this stage.

## **2. Proposal**

2.1 The Borough needs a sustainable energy strategy to provide a local response to climate change. Many other local authorities have had a climate change strategy in place for some time however; few councils have a strategy as comprehensive and cross-cutting as this one. In order to be successful the Sustainable Energy Strategy requires a high profile status and those Officers responsible for its implementation will need the space (time and resources) to implement its policies and actions.

### **Risk Assessment**

2.2 Climate change and energy issues are growing in importance at the international, national and regional level and will therefore continue to grow in importance for local authorities. This Sustainable Energy Strategy will enable the London Borough of Barking and Dagenham to take forward climate change solutions, energy efficiency and renewable energy. This will better prepare the Council for future responsibilities and duties in this important area. The risks to the Council of failing to take a strategic and high priority approach to energy efficiency and renewable energy are high.

2.3 The Sustainable Energy Strategy has ambitious objectives and there is also the risk of the council failing to live up to expectations following the adoption and launch of this strategy. To manage this risk, the Sustainable Development Group will Chair the Energy Strategy Steering Group and report annually to the Executive on the implementation of the Strategy.



## **Approach**

- 2.4 The coordination of the Energy Strategy is led by the Sustainable Development Group within the Planning Division and is a component of the Balanced Scorecard. The policies related to regeneration, housing and other areas will need to be a component of their Balanced Scorecards – the Energy Strategy’s Implementation Plan outlines who is responsible for implementing each policy.

## **Impact on Local Economy**

- 2.5 The Energy Strategy could have many positive impacts on the local economy by encouraging environmental business and activities. Energy efficiency and renewable energy are growth businesses and incorporating these features within the regeneration of the Borough will have many benefits for the London Borough of Barking and Dagenham.

## **Environmental issues and impact**

- 2.6 The Sustainable Energy Strategy specifically aims to address the Borough’s climate change impact and therefore has a very positive environmental impact.

## **3. Financial Implications**

### **Capital Issues**

- 3.1 Policy 2A in the Sustainable Energy Strategy states that the Council will improve the energy efficiency of council buildings through an ‘invest to save’ scheme. Actions 2A (i) and 2A (ii) involve developing the invest-to-save business plan later in 2005. Although ‘invest to save’ schemes can take a variety of different approaches they require some level of up-front investment. The level of the initial investment can be determined by the Council based on projected reduced running costs. The proposal for an ‘invest-to-save’ energy efficiency scheme will be taken to the CMT later in the year.
- 3.2 There are numerous good examples of local authorities implementing ‘invest to save’ energy efficiency programmes in their building stock. Through investing £200k a year, Redbridge Council has made a net saving of £1.04 million over the last 15 years. Through implementing a similar programme Woking Council has delivered fuel bill savings of £4.7 million over the past 10 years with annual savings of £700,000 a year; all from an initial investment of £250k. Woking Council ring-fenced all fuel bill savings resulting from their efficiency investments and continue to invest this money in efficiency measures.
- 3.3 Energy and water surveys undertaken by consultants Advanced Demand Side Management Ltd (ADSM) for a number of council buildings in 2002 identified efficiency measures that could deliver annual fuel bill savings of £8.5k for the Town Hall and £20k for Barking library.
- 3.4 Implementing the Decent Homes standard across the Council’s housing stock up to 2010 will require all available housing capital funding. However, external funding is available for special energy efficiency projects that improve social housing energy performance beyond Decent Home standards. Housing and



Health will need to allocate Officer time to considering these alternative options for funding innovative energy efficiency measures.

### **Policy Issue for Capital Spending in the Council**

- 3.5 The Sustainable Energy Strategy has many implications for the Capital Programme in terms of environmental standards for purchasing and construction/ refurbishment projects. The 'Council Leading by Example' section of the Strategy requires the Council to follow best practice in purchasing energy efficient equipment and energy efficient design in refurbishments and 'new build'. This will require changes in the criteria for successful projects, currently there is no provision within the Capital programme for sustainable energy projects and any future bids for resources will need to be considered as part of the overall review of Capital schemes.

### **Revenue Issues**

- 3.6 The exact nature of the resource costs and revenue issues associated with implementing each of the policies and actions in the Strategy need to be determined by the sections responsible for their implementation. These resource issues will become more apparent once the Energy Strategy Steering Group is established to oversee the Strategy's implementation. Nonetheless, the attached Implementation Plan provides an initial assessment of the resource implications of each policy.
- 3.7 Key resource implications associated with the implementation of the Sustainable Energy Strategy could include;
- energy efficiency 'invest to save' programme for council buildings – most likely to be sourced from Capital Funding;
  - energy efficiency programme for the Borough's schools – could require an Officer to promote energy efficiency to the Borough's schools;
  - social and private housing energy efficiency programmes – funding might be required to commission study into scope for improving the energy performance of the Borough's housing;
  - energy / carbon assessments for key regeneration sites – a study is already taking place into a sustainable energy strategy for Barking town centre's regeneration;
  - preparing business plan and set-up costs for an Energy Services Company (ESCO) – although external funding could be available for this.
- 3.8 There are numerous sources of external funding that are available for delivering this Sustainable Energy Strategy, these are listed at the back of the Strategy document. However, accessing this external funding will require effort, and will often only be available once the Council has put in the groundwork to improve eligibility. This Sustainable Energy Strategy provides the Council with the context and background to successfully apply for external funding. If revenue resources are required to promote sustainable energy schemes these bids will need to be considered as part of the 2006/07 budget process.

## **4. Staffing Implications**

4.1 These will also become clearer following the establishment of the Energy Strategy Steering Group and once each responsible section begins implementing their policies and actions. There may be staffing implications for the following key policy areas:

- Implementing a best practice energy management programme across council property.
- Running an energy efficiency scheme with the Borough's schools.
- Increasing energy efficiency activity with regard to the Borough's housing.

## **5. Consultation**

The following people have seen this report and have either raised no objection or have confirmed that they are happy with this report as it stands.

### **Internal:**

Councillor McKenzie, Environment and Sustainability Portfolio  
Councillor Smith, Housing and Public Health Portfolio  
Councillor Kallar, Regeneration Portfolio

Regeneration Board – 30 November 2004

### **Regeneration and Environment**

Jim Mack, Head of Asset Management & Development  
Keith Stubbs, Energy Conservation Officer,  
David Higham, Group Manager Strategic Transportation,  
David Harley, Principle Regeneration Officer,  
Rob Shooter, Group Manager, Regeneration Implementation,  
Robert Farley, Team Leader Planning Policy,  
Steve Jones, Street Lighting Manager,  
Colin Reynolds, Assistant Manager-Fleet,  
David Waller, Interim Head of Finance,

### **Housing and Health**

Dan Read, Private Sector Housing Manager,  
Isabella Rossi, Project Manager-Housing Strategy,  
Ken Lyons, Acting Capital Works Manager,  
Ken Jones, Head of Housing Strategy,  
David Woods, Director of Housing & Health

### **Education, Arts and Libraries**

Andy Carr, Assets Manager,

### **Corporate Strategy**

Muhammad Saleem, Solicitor to the Council & Monitoring Officer  
Paul Feild, Corporate Lawyer

### **External:**

Joanna Dawes, Principal Policy Advisor-Energy, Greater London Authority

Penny Bramwell, Head of Sustainable Development Unit, Government Office for London

## Background Papers

- The Sustainable Energy Strategy
- Implementation Plan
- Mayor of London's Energy Strategy, 'Green Light to Clean Power', February 2004 – [www.london.gov.uk/mayor/environment/energy/index.jsp](http://www.london.gov.uk/mayor/environment/energy/index.jsp)
- UK Government Energy Policy, 'Our Energy Future – Creating a Low Carbon Economy', February 2003 – [www.dit.gov.uk/energy/whitepaper/index.shtml](http://www.dit.gov.uk/energy/whitepaper/index.shtml)

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## THE EXECUTIVE

12 JULY 2005

## REPORT OF THE BUDGET PROCESS SCRUTINY PANEL

DRAFT FINAL REPORT OF THE BUDGET PROCESS SCRUTINY PANEL	FOR DECISION
<p><i>Final Reports of Scrutiny Panels are submitted to the Executive in accordance with Paragraph 11 of Article 5B of the Constitution for consideration and, if necessary, response in a separate report or verbally to the Assembly.</i></p>	
<p><b>Summary</b></p>	
<p>This report details the Budget Process Scrutiny Panel's review of the Council's annual budget process.</p>	
<p>The Panel's work included an analysis of the annual budget timetable and the suite of reports presented to various Council meetings, the methods and degree of consultation on budget / financial issues and options for the development of the current systems and procedures.</p>	
<p>The Panel's recommendations are intended to build on the strong arrangements already employed by the Council and enhance the participation of key stakeholders in the annual budget process.</p>	
<p><b>Recommendations</b></p>	
<p>This Panel, in light of its investigations and representations received, make the following recommendations:</p>	
<ol style="list-style-type: none"> <li data-bbox="140 1323 1477 1771">(1) That regular all-Member briefings be arranged to coincide with key stages in the Council's budget setting process, in order that information on aspects such as the key budget pressures faced by the Authority and the proposals for rent and Council Tax increases can be explained prior to any decisions being made by the Executive / Assembly. These briefing sessions should also cover aspects such as the basic principles which make up the annual budget process (along the lines of the presentation given to the Panel by the Head of Financial Services on 25 October 2004 in respect of the Council's Medium Term Financial Strategy and Budget Process), budget preparations for the next year including a wider debate on the Capital Programme and the proposed schemes for inclusion in the annual programme, the projected versus actual expenditure for the previous year and the main proposals / options for changes to the Council's budget for the next year;</li> <li data-bbox="140 1805 1477 1995">(2) That the Director of Finance examine options to strengthen the current budget formulation methods with a view to introducing a greater 'challenge' aspect to the compiling of budget estimates, possibly by the introduction of an approach to 'zero-based' budgeting particularly for areas which have seen a great deal of change in recent years;</li> <li data-bbox="140 2029 1477 2058">(3) That the Corporate Management Team (CMT), via its Service and Financial Planning</li> </ol>	

Board, give greater emphasis to the need for cross departmental discussions and consideration of common budget issues in the light of the changing service demands and requirements;

- (4) The introduction of more formal procedures for detailed consultation between Finance officers and Heads of Service / budget holders to assist in the strengthening of arrangements for the identification of budget growth / savings across all Council services, and the on-going monitoring of budgets;
- (5) That additional arrangements be put in place so that all Members are made more aware of financial issues being considered by the Executive. This could be achieved through, for example, the better use of the Council's Modern.gov system (which the vast majority of Members have access to) and the inclusion in the "Member Matters" publication of a regular column on the Council's finances, including Housing Revenue Account issues, and details of forthcoming reports to the Executive on these issues;
- (6) That the new Lead Member with portfolio responsibility for the Council's financial planning and budgetary control considers support to the portfolio through the greater involvement of other Portfolio Holders. This could be achieved by inviting the other Portfolio Holders to relevant meetings of the Council's Resource Monitoring Panel and could be further assisted by non-Executive Members who are able to offer time, expertise and commitment to an in-depth review of a particular service or area, in conjunction with Portfolio Holders and relevant finance and service staff;
- (7) Establishing reporting arrangements for matters considered at informal meetings of the Executive and CMT to ensure that the information considered is presented in the 'public' domain as soon as possible (while having regard to the need to maintain confidentiality over specific issues under the provisions of Access to Information legislation);
- (8) That the arrangements for consultation with the Unions on budget issues be strengthened. In this respect, it is proposed that an approach be agreed by the Employees Joint Consultative Committee (EJCC) for briefing meetings at which the Unions can be advised of the Council's budget timetable for the year and the main aspects that are likely to underpin the Council's vision for the following year's budget, and to allow the Unions sufficient time to put forward proposals which they consider would help to achieve the Council's vision;
- (9) Implementing arrangements for presentations on the Council's finances and budget process to local residents through the established Community Forums, at least once a year to each Forum;
- (10) That greater use is made of the Council's Citizen magazine as a means of enhancing the communication with the local community on the Council's finances including Housing Revenue Account issues; and
- (11) That, whenever practical, publications relating to the Council's finances should be presented in a way that is easy to follow and understand and that authors should be conscious of the need for plain language. Where this may not be appropriate throughout, the summary introducing the document should clearly explain the purpose and content in a way that can be understood by everyone. For publications that are intended solely for the information of the general public (e.g. the Council Tax leaflet)

the availability of translations, braille, larger text etc. should be advertised.

## Reason

To improve the Council's budget processes and enable greater transparency and consultation.

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## 1 Introduction

- 1.1 At its meeting on 28 April 2004 the Scrutiny Management Board (SMB) agreed to set up a Scrutiny Panel to examine the Council's annual budget process. The SMB set a timeframe for the scrutiny of three months.
- 1.2 Due to delays in settling the membership of the Panel and to avoid a long period of disruption as a result of the summer recess period, the Panel's first meeting took place on 4 October 2004. The Panel met on six subsequent occasions (25 October, 8 December, 19 January, 5 April and 9 and 26 May 2005).

## 2 Membership

- 2.1 The membership of the Panel comprised Councillors M Baker (Lead Member), B Cook, J Denyer, J Wainwright and L Waker.
- 2.2 Ian Bristow, former Managing Director of Welbeck Limited and board member of the Barking and Dagenham Chamber of Commerce, was the Panel's external representative.
- 2.3 Joe Chesterton, Head of Financial Services, Finance Department, was the lead service officer, Jennie Duffy, Head of Customer First, Corporate Strategy Department, was the independent scrutiny support officer and Alan Dawson, Democratic Services Officer, Corporate Strategy Department, provided administrative support to the Panel.
- 2.4 The Panel also invited Councillor Geddes, the then Deputy Leader with Executive portfolio responsibility for the Council's overall budget, to its meeting on 8 December to discuss aspects of the Council's budget process and monitoring. Panel representatives also met with three Departmental Heads of Service as part of a follow up exercise to a questionnaire survey that was undertaken.

## 3 Terms of Reference and Objective

3.1 The terms of reference of the Panel were:

- (i) To examine the annual budget (revenue and capital for both the general fund and the Housing Revenue Account (HRA)) process and, in doing so, to have particular regard to:
  - External and internal pressures and influences, including statutory requirements, and
  - Communication and consultations processes with the community, Members, senior management and trade unions
- (ii) In looking at communications, to be conscious of the need for plain language and to make sure that all stakeholders are able to understand the full impact of any savings and growth items before final decisions are taken
- (iii) In relation to consultations, to make sure that these are timely and sufficiently comprehensive
- (iv) Generally, to have regard to any equalities and diversity and health issues, and
- (v) To report back with any findings and any recommendations.

3.2 The Panel agreed that, in addition to these terms of reference, it would be helpful to set its own overall objective, outlining what it sought to achieve from this scrutiny, in order to provide a focus for the Panel's work. The Panel set the following objective:

"The outcome of the Budget Process Scrutiny Panel should be that Members feel fully included in the budget setting process and understand the outcomes. This should be reviewed annually through consultation and survey".

## 4 Background

- 4.1 In February / March each year, the Council is required to set its capital and revenue budgets for the next financial year. This process includes the setting of the Council Tax and rent levels and the approval of the Capital Programme and Medium Term Financial Strategy.
- 4.2 Barking and Dagenham Council is widely recognised as being a very prudent authority in terms of its financial management and is one of only a few debt-free authorities in the country, and the only one in London. However, with the ever increasing pressures on local government finance and the Authority's desire to maintain its debt-free position for as long as possible a more proactive and holistic approach to the budget setting process has been adopted in recent years.
- 4.3 Following the appointments of the Director of Finance, Julie Parker, and Head of Financial Services, Joe Chesterton, in May and October 2003 respectively, a comprehensive review of the Council's budget setting process was undertaken. From this review and building on the sound financial base that was already in place, new arrangements were introduced to establish a clearer strategic and operational timetable for the budget setting process and a more in-depth study of all aspects of



the Council's finances, including annual savings and growth options as well as new pressures stemming from legislation.

## **5. Annual Revenue and Capital Budget Position**

5.1 In 2004/05, the Council's total revenue budget was £220.2m. Of this £115m was allocated to Education, £61.3m to Social Services and the remaining £43.9m to the Environmental Protection and Cultural Services (EPCS) block, which effectively covers all other Council services (such as highways, environmental services and administrative services).

5.2 The revenue funding for 2004/05 was met from the following sources:

Central Government Grant	= £177.1m
Council Tax	= £43.1m

5.3 Expenditure levels for Education and Social Services are heavily prescribed by Central Government and the Council has therefore felt constrained in its scope to move funding from these areas into EPCS services. However, the Panel concurs with the view that this policy should be reviewed in view of the increasing pressures being faced by services that are funded via the EPCS block and, therefore, welcomes the new approach that is being introduced for the 2006/07 budget.

5.4 The Council's planned Capital Programme for 2004/05 was approximately £92m.

## **6. Annual Budget Process Arrangements and Timetable**

6.1 At the Panel's inaugural meeting, the Head of Financial Services explained the new arrangements that had been introduced for the 2004/05 budget following the review of the budget processes for 2003/04.

6.2 The new arrangements included:

- (i) The creation of a strategic and operational timetable (see Appendix A for details);
- (ii) Introduction of standard pro-formas for savings and growth options, which require the identification by Chief Officers of proposals, linked to the Council's Community Priorities, Balanced Scorecard etc. These are ultimately presented to the Executive for consideration as part of the next year's budget process;
- (iii) More detailed information on the available resources from Central Government and other externally funded bodies;
- (iv) A number of detailed briefings to the Corporate Management Team (consisting of the Council's Chief Officers);
- (v) A suite of reports for both the Executive and Assembly (see Appendix B for details);
- (vi) Consultation with the Political Groups, Unions and the local Chamber of Commerce;
- (vii) A thorough review and reprioritisation of the Council's 4-year Capital Programme; and
- (viii) Regular and detailed memorandums to Chief Officers on the process.

- 6.3 The Panel also noted additional steps that had been introduced as part of the preparations for the 2005/06 financial year. These included bringing forward the commencement of the annual budget setting process to July 2004 (previously it began in October), presentations to Departmental Management Teams on the Council's Medium Term Financial Strategy and overall budget process, and the creation of a Budget Challenge Team to look at savings and growth options presented by Chief Officers.
- 6.4 The Head of Financial Services explained that a basic set of principles are applied to the previous year's estimates in order that a general picture of the Council's budget for the next financial year can be gained in late Autumn / early Winter. This position has been helped by the Government's move towards 3-year financial plans although it was noted that the Formula Spending Share (FSS) allocation, which is announced in mid-November, is the key factor which underpins the Council's consideration of its detailed budgets.
- 6.5 The Panel acknowledged that significant progress had been made in the budget setting process, both in terms of the internal arrangements for preparing a prudent and timely budget and the proposals to improve the transparency of the process. However, the Panel was mindful of a number of views expressed regarding the need for the Council to commence the process even earlier in the year and was therefore particularly pleased to learn from the Head of Financial Services that steps were being taken to achieve this. The Panel also welcomed the commitment to the ongoing review of arrangements as part of a year-on-year improvement process.

## **7 Financial Reporting and Reviewing**

- 7.1 The Finance Department produces a series of reports throughout the financial year as part of the ongoing review and monitoring of the current year's spending as well as in preparation for future years' estimates. In addition to monthly Departmental Monitoring reports for Chief Officers / senior managers, highlighting areas of over / under spending in the current year, monthly Budget Monitoring reports are presented to the Executive. Also, Financial Outlook reports, giving projections for future years budgets, have typically been considered at informal meetings between the Executive and the Corporate Management Team (CMT).
- 7.2 With regard to the Budget Monitoring reports to the Executive (which are generally presented within 6 weeks of the period to which they relate) the Panel agreed that whilst the level of information in these reports and their frequency may be considered sufficient for the purposes of the Executive, the current arrangements did not necessarily give non-Executive Members a proper opportunity to be involved in the Council's budget process. A particular issue was the decision taken a couple of years ago to no longer circulate hard copies of agendas for meetings of the Council's Executive, which contain the majority of reports on the Council's finances, to non-Executive Members. The Panel is therefore particularly welcoming of the re-introduction by the new Chief Executive of the circulation to all Members of a hard copy of Executive agendas.
- 7.3 In respect of the Financial Outlook reports on future years' budgets, the Panel were additionally concerned that these discussions had, generally, been held at informal meetings, thereby further reducing the capacity for non-Executive Members to be

involved in the process or, indeed, for the Council's Scrutiny process to have a role until such time as the issues were fed through the 'formal' reporting process.

- 7.4 The Panel also considered matters relating to the Council's Capital Programme. Issues had been raised at a meeting of the Council's Executive on 19 April 2005 by a non-Executive Member regarding the availability to all Members of the Council of information on all schemes included, or put forward for inclusion, in the Capital Programme. The Panel concur with the view that under current arrangements there is limited scope for all Members to be involved in the debate and decision-making process around the Capital Programme.
- 7.5 The issues referred to above were the subject of considerable debate and, consequently, the Panel has made a number of recommendations aimed at improving the current arrangements.
- 7.6 The Panel met with Councillor Geddes who, at the time, was the Council's Deputy Leader with Executive portfolio responsibility for the Council's overall budget.
- 7.7 The Panel noted that the Deputy Leader's portfolio included overall responsibility for all aspects of the Council's budget and financial planning and, in this position, Councillor Geddes met regularly with the Director of Finance and her staff in addition to chairing the monthly meetings of the Council's Corporate Monitoring Group and the Resource Monitoring Panels, which are held monthly for each of the Council's six service departments.
- 7.8 In respect of the flow of information and its consideration at various 'closed' meetings, Councillor Geddes stressed the importance of maintaining confidentiality, particularly when budget decisions are likely to have implications on service levels and in view of the fact that information can often change on a weekly basis as new factors come to light. The Panel accepted that there are sensitivities that need to be taken into account when dealing with such information and that it is, on occasions, appropriate to seek a strategic / political steer over an issue in order to progress wider proposals, but felt that this should not be to the detriment of a transparent approach to decision-making.
- 7.9 With regard to the Resource Monitoring Panels, the Panel noted that these meetings are chaired by the Portfolio Holder for the Council's financial planning and budgetary control (Councillor Bramley since May 2005) and do not include any other Member representation. As these meetings consider the latest information on the revenue budgets and monitor the implementation and achievement of savings and growth issues for individual service departments, the Panel considers that the process would benefit from the involvement of other Members and, in particular, the Portfolio Holders for the service under scrutiny at each meeting. The Portfolio Holder for financial planning and budgetary control would continue to retain overall responsibility for this aspect.

## **8 Housing Revenue Account**

- 8.1 The Panel received information on the funding and expenditure arrangements in respect of the Housing Revenue Account (HRA), including the recent introduction by Central Government of a prescribed formula for the determination of Council house rent levels which largely dictates the level of Council rents in the Borough.

The Panel also noted details of the internal arrangements for the on-going review of the Council's HRA to ensure a long-term balanced budget.

- 8.2 The Panel is satisfied with the general arrangements, including the range of public consultation on the HRA, and welcomes the new report writing and Executive agenda circulation arrangements which will enhance the accessibility and availability of information for all Members. As an additional step to extend the dissemination of information on the HRA to both Members and the local community respectively, the Panel supports the publication of key information via clear and concise articles in the internal 'Member Matters' and external 'Citizen' publications.

## **9 Financial Publications**

9.1 The Council currently produces the following annual publications:

- Budget Book (which includes the Capital & Revenue estimates)
- Medium Term Financial Strategy
- Council Tax Leaflet
- Statement of Accounts (Draft and Final Versions)
- Annual Investment Strategy
- Funding Strategy Statement
- Statement of Investment Principles

9.2 The Panel supports the principle that reports / publications relating to the Council's finances should be easy to follow and understand and that authors should be conscious of the need for plain language. In this respect, the Panel welcomes the revised report writing guidance for Council officers which is in the process of being finalised.

9.3 The Panel recognises that many of these publications are produced in accordance with guidance issued by the Chartered Institute of Professional Financial Accountants (CIPFA) and other statutory requirements which may, in effect, mean that the terminology used and way that the information is presented is prescribed. With this in mind, the summary introducing a document should clearly explain the purpose and content in a way that can be understood by everyone. For publications that are intended solely for the information of the general public (e.g. the Council Tax leaflet) the availability of translations, braille, larger text etc. should be advertised.

## **10 Consultation**

10.1 A key aspect of the Council's budget preparations relates to the consultation arrangements that are in place. The Panel received details of the current arrangements but felt that it was important to gain an understanding of the views of key stakeholders as a means of challenging current perceptions.

10.2 Each of the four main Council Unions, namely Unison, APEX, GMB and T&GW, were invited to give their views on how they are consulted and suggestions for improving the system. The response from the General Secretary of the local Unison branch highlighted a number of issues associated with the timing of the discussions between the Council and Unions, the limited scope for the Unions to be involved in resourcing / spending decisions and the suggestion that the Unions

should be properly briefed on the overall Council budget and spending plans. The point was also made that the Unions are not only concerned with budget cuts that affect their members but also by resourcing decisions, which can have similar implications. The Panel supports the wider involvement of the Unions in the Council's budget setting processes and recommends that a way forward is agreed by the Employees Joint Consultative Committee (EJCC), which is made up of representatives from the Council and the four Unions.

- 10.3 The Panel also conducted a questionnaire survey of all Councillors and Departmental Heads of Service to gain an understanding of their perceptions and suggestions for improvements. The level of responses from Councillors was disappointing (less than 20% compared to the response rate from Heads of Service of over 50%). However, the feedback received from both sources provided the Panel with a basis on which to consider changes / improvements to the current arrangements and a number of recommendations have been made as a direct result of the questionnaire exercise. This exercise was further helped by an 'interview' process with three Heads of Service to discuss in more detail their responses to the questions posed in the survey.
- 10.4 The feedback from the Member and Heads of Service surveys and the interviews gave rise to a number of proposals to enhance the current arrangements. These included:
- (i) The early commencement of the debate around budget saving and growth issues based on the Council's key priorities - this would assist in the timely implementation of any new arrangements from the beginning of the new financial year rather than, as often happens under the current arrangements, any necessary changes being implemented part way through the year;
  - (ii) Greater emphasis being given by Chief Officers to the need for cross departmental discussions and consideration of common budget issues in the light of the changing service demands and requirements;
  - (iii) The introduction of more formal arrangements for detailed consultation between Finance officers and Heads of Service / budget holders to assist in the strengthening of arrangements for the identification of budget growth / savings across all Council services, and the on-going monitoring of budgets;
  - (iv) The reappraisal of the Council's current overall policies in relation to the funding of services in view of the increasing pressures being faced by services that are funded via the EPCS funding block;
  - (v) An examination of current budget formulation methods with a view to introducing a greater 'challenge' aspect to the compiling of budget estimates. In this respect, it was suggested that an approach to 'zero-based' budgeting could be one way to approach this, particularly for areas which have seen a great deal of change in recent years; and
  - (vi) The strengthening of Members' involvement and understanding of service budget issues.

## **11 Equalities and Diversity**

- 11.1 The Panel is mindful of the need for all members of the local community to be able to understand the Council's work and its finances, which have an impact on everyone. A number of the Panel's recommendations will bring about improvements to the accessibility and availability of information to the community as a whole.
- 11.2 Key aspects of this can be achieved through the use of plain language and a clearer structure in Council reports and the availability of translations, braille, larger text etc. for publications that are intended solely for the general public (e.g. the Council Tax leaflet).

## **12 Conclusions**

- 12.1 The Panel recognises that the Director of Finance, Julie Parker, and Head of Financial Services, Joe Chesterton, have been instrumental in introducing a range of strategic and operational improvements to the Council's budget processes since their appointments in 2003, building on the strong platform that their predecessors and the Council as a whole had put in place over many years. The Panel has made a number of recommendations in this report which it believes will further enhance these arrangements and place the Council in an even stronger position to approach the future challenges.
- 12.2 The Panel is mindful of the fact that the majority of concerns referred to in this report concentrate on the greater involvement and participation of non-Executive Members in the Council's budget setting process. However, this should not be perceived to be at the exclusion of other stakeholders in the Council's financial affairs, such as the local community, Trade Unions and businesses. The Panel is equally concerned that they too have a greater understanding of the Council's financial affairs. To this end, the Panel sees the expansion of non-Executive Members' role in this area as the means to a greater general understanding by the community of the Council's financial affairs.
- 12.3 The Panel wishes to place on record its thanks to everyone who has assisted in its work over the past eight months.

### **Background Papers used in the preparation of this report:**

Public copies of agendas and minutes of the Budget Process Scrutiny Panel meetings held on 4 October, 25 October and 8 December 2004 and 19 January, 5 April, 9 May and 26 May 2005.

**BUDGET PROCESS TIMETABLE 2004/05**

July/August 2004	Early work on financial outlook by Officers.
August	Development of budget pressures by Officers
September/October	CMT and Executive consider initial Council financial position.
October/November	Executive confirms Budget Strategy, and priorities, for consultation in the light of discussions with Officers.
October/November	Budget savings options are produced by Officers for consideration by Executive Members.
October/November	Capital Programme review/new bids.
October/November	Consultation with relevant stakeholders to consider the Budget Strategy and options, and provide feedback to Executive.
November/December	Government announcements on resources.
December/January	Executive works up its initial detailed budget proposals.
January 2005	Housing Revenue Account budget and rent levels set.
25 January 2005	Report on resources and Base Budget position to Executive.
Late January/February	Possible consultation with other stakeholders on the detailed budget proposals
Late February 2005	Executive considers comments made on earlier proposals and agrees a budget to be referred to Council.
2 March 2005	Council agrees a budget, Council Tax, Capital Programme and a revised Medium Term Financial Strategy for 2005/06-2007/08.

**REPORTS TO THE ASSEMBLY**

<b>Title of Report</b>	<b>Cycle</b>	<b>Date of Meeting</b>
<b>Council Tax Base Report</b>	<b>Annual</b>	<b>05/01/05</b>
<b>The Council's Budget 2005/06 to 2007/08</b>	<b>Annual</b>	<b>2/3/05</b>
<b>Treasury Management Annual Strategy &amp; the Council's Prudential Indicators</b>	<b>Annual</b>	<b>2/3/05</b>
<b>Statement of Accounts 2004/05</b>	<b>Annual</b>	<b>27/7/05</b>

**REPORTS TO THE EXECUTIVE**

<b>Title of Report</b>	<b>Cycle</b>	<b>Date of Meeting</b>
<b>Provisional Out-turn 2003/04 Revenue and Capital</b>	<b>Annual</b>	<b>20/07/04</b>
<b>Procurement – Spend to Save – Progress Report</b>	<b>Six Months</b>	<b>7/9/04 and 15/3/05</b>
<b>Annual Treasury Statement of Accounts 2003/04</b>	<b>Annual</b>	<b>28/09/04</b>
<b>WM Annual Report</b>	<b>Annual</b>	<b>19/10/04</b>
<b>Budget Process 2005/06 – Outlook and Strategy</b>	<b>Annual</b>	<b>9/11/04</b>
<b>Passporting of School EFSS and take up of the Standards Fund Allocation 2005/06</b>	<b>Annual</b>	<b>21/12/04</b>
<b>Local Government Provisional Financial Settlement 2005/06</b>	<b>Annual</b>	<b>12/04 and later</b>
<b>Calculation &amp; Setting the Council Tax Base 2005/06</b>	<b>Annual</b>	<b>21/12/04</b>
<b>Revised Budget 2004/05 &amp; Base Budget 2005/06</b>	<b>Annual</b>	<b>25/01/05</b>
<b>The Capital Programme 2005/06 – 2008/09</b>	<b>Annual</b>	<b>22/02/05</b>



<b>Council Tax &amp; Medium Term Financial Strategy</b>	<b>Annual</b>	<b>22/02/05</b>
<b>Treasury Management Annual Strategy Statement and the Council's Prudential Indicators</b>	<b>Annual</b>	<b>22/02/05</b>
<b>Annual Report on Review of Members' Remuneration</b>	<b>Annual</b>	<b>May 2005</b>
<b>Budget Monitoring Revenue &amp; Capital *</b>	<b>Monthly</b>	<b>Monthly</b>

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