

Notice of Meeting

THE EXECUTIVE

Tuesday, 3 June 2008 - 7:00 pm
Council Chamber, Civic Centre, Dagenham

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

23 May 2008

R. A. Whiteman
Chief Executive

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AGENDA

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

In accordance with the Council's Constitution, Members are asked to declare any personal or prejudicial interest they may have in any matter which is to be considered at this meeting.
3. **Minutes - To confirm as correct the minutes of the meeting held on 20 May 2008 (Previously Circulated)**
4. **Annual Treasury Management Statement 2007/08 (Pages 1 - 10)**

Concerns the financial and business affairs of third parties (paragraph 3)
5. **Council's Revenue and Capital Outturn 2007/08 (Pages 11 - 42)**
6. **Local Area Agreement (Pages 43 - 57)**
7. **Any other public items which the Chair decides are urgent**
8. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted.**

Private Business

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

9. Highways Investment Plan - Appointment of Contractors (Pages 59 - 68)

Concerns a contractual matter (paragraph 3)

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

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THE EXECUTIVE

3 JUNE 2008

REPORT OF THE CORPORATE DIRECTOR OF RESOURCES

This report is submitted under Agenda Item 5. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order not to delay the delivery of the project.

Title: Council's Provisional Revenue and Capital Outturn 2007/08	For Decision
<p>Summary: The report provides the Executive with the Council's provisional revenue and capital outturn position for the financial year 2007/08.</p> <p>For the Council's General Fund revenue services, it highlights that the final position is an overall overspend of £563k. In relation to the Council's net budget of £263m this equates to a minimal 0.2% overspend. Given the significant pressures that have faced the Council in 2007/08, and the projected overspend of £7m reported in August 2007, the end-of-year position demonstrates a successful year of financial control, accurate forecasting, good systems/processes and the ability to implement and deliver action plans.</p> <p>For the Housing Revenue Account, the final working balance shows a position of £2.3m which continues to demonstrate sound financial strength.</p> <p>For Capital, the final position shows that £63.3m has been spent out of the original budgeted programme of £75.1m and a final working budget of £65.7m, which shows that continued progress has been made in quicker capital delivery based on accurate profiling.</p> <p>The report also covers the position on relevant carry forward requests from departments for capital projects, for consideration by Members.</p> <p>Wards Affected: All Wards</p>	
<p>Recommendation(s) The Executive is asked to:</p> <ul style="list-style-type: none"> (i) Note the final outturn position of the Council's revenue budgets for 2007/08 (Section's 1 and 2 and Appendix A); (ii) Approve the use of the Council's General Reserve balances to fund the minimal 2007/08 overspend (Section 2.1); (iii) Approve the final in-year budget adjustments as set out in paragraph 2.2; (iv) Note the position of the working balance for the Housing Revenue Account (Section 3); (v) Note the outturn position for the 2007/08 Financial Health Indicators (Section 4 and Appendix B); 	

- (vi) Note the final outturn position of the Council's Capital programme (Section 5 and Appendix C);
- (vii) Approve the carry forward of categories A, B, D and E (i.e. committed and rolling programmes) from the 2007/08 Capital Programme to be incorporated into future years service capital programmes (Appendix D and D(i)), and approve the carry forward of category C schemes (i.e. not yet contractually committed) subject to an appraisal through the EPO process (Appendix E);
- (viii) Approve that the appropriate 2008/09 budgets be adjusted for advanced expenditure in 2007/08 of £6.2m (Appendix F); and
- (ix) Note the outturn position for 2007/08 Prudential Indicators (Section 6 and Appendix G).

Reason (s)

As a matter of good financial practice, the Executive should be informed of the final outturn and performance of the Council's Revenue and Capital financial resources.

Implications:

Financial:

The report identifies the Council's final revenue and capital outturn position for the financial year 2007/08 and the financial performance of all services throughout the year. It indicates that the Council's overall services throughout 2007/08 were maintained and generally delivered within existing budgets.

The report also identifies the relevant capital budgets that need to be carried forward into 2008/09.

Legal:

There are no legal implications regarding this report.

Risk Management:

The risk to the Council is that the overall 2007/08 budget could have been significantly overspent and that this would reduce the Council's resource position. Whilst there have been variations within individual departmental outturns these have been managed and monitored throughout the financial year by way of specific procedures including reports and necessary action plans to Resource Monitoring Panels, Departmental Management teams, the Corporate Management team and the Executive. This robust process has enabled their overall budgets to be brought broadly into line by the year end which is containable within the Council's reserves position.

Social Inclusion and Diversity:

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

Crime and Disorder:

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

Options Appraisal:

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

Contact Officer: Joe Chesterton	Title: Divisional Director of Corporate Finance	Contact Details: Tel: 020 7227 2932 Fax: 020 8227 2995 E-mail: joe.chesterton@lbbd.gov.uk
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1. Introduction

- 1.1 At the end of 2007/08 the Council has a net overspend of £563k on its General Fund Revenue services against a profiled budget for the year of £263.4 million (0.2% over budget). The full departmental detail is included in Appendix A and is summarised as follows:

	<u>Budget</u> <u>£'000</u>	<u>Expenditure</u> <u>£'000</u>	<u>Overall Position</u> <u>£'000</u>
General Fund Services	263,387	263,950	563

- 1.2 In summary the overall departmental performances, after the recommended approved adjustments (see paragraph 2.2) can be summarised as follows:

<u>Service Department</u>	<u>Over/(under) spend</u> <u>£'000</u>
Adult & Community Services	(29)
Children's Services	680
Customer Services	(210)
Regeneration	240
Corporate Resources	(118)
Total	563

2. Service Position

- 2.1 Overall the Council is reporting an overspend position in 2007/08 of £563k which amounts to 0.2% of the original budget. The 2007/08 financial year has proved a demanding period for the Council with a number of significant financial pressures arising including:
- Delivery of the Residential and Homecare Modernisation programme;
 - Cost pressures within the Libraries and Community Safety services;
 - Increased demand for Children's Out of Borough Placements and Care leavers;
 - Cost pressures in Environmental & Enforcement Services;
 - Income and Cost pressures within Parks & open spaces;
 - Income pressures in Property services, on Commercial property and in the Local Land Charges service;
 - Cost pressures in the Skills, Learning & Enterprise service.

As a result of these pressures the Council reported in its August Budget Monitoring report a potential overspend position by the year end of £7m. However, since this time all department's have prepared and implemented a number of action plans

aimed at reducing expenditure and moving towards meeting their agreed budget by the year end.

Amongst other things, these action plans have included holding vacant posts, tight controls on agency recruitment and supplies & services spend, reduction in levels of overtime, a review of outstanding debt levels and a more focused use of all revenue grants. In addition the Executive also agreed two in-year budget adjustments for Children's Out of Borough Placements and the Residential Modernisation programme.

Given the size of the financial pressures, the end-of-year position demonstrates a successful year of financial control, accurate forecasting, good systems/processes and the ability to implement and deliver action plans.

A number of the on-going pressures that arose in 2007/08 have been resolved in the longer term through the 2008/09 Budget process.

It is recommended that the final overspend of £563k should be funded from the Council's existing General Reserve balances, where sufficient resources exist to be able to meet this cost.

- 2.2 As a result of the final year-end postings within the General ledger there is a need to ensure that for reporting purposes the revised budget reflects the outturn position.

To this end the following budget adjustments are required for approval, of which the net effect on the outturn position is nil:

- The final outturn position reflects the appropriate level of recharges required to be charged to departments through the usage of central support services (including transport and legal) throughout the year. As a result of these final allocations there is a need to adjust the recharge budgets between departments and services for central support services (£686k), transport (£385k) and legal services (£204k);
- The final outturn budget also reflects the appropriate level of project work undertaken in respect of the Building Schools for the future scheme which cannot be charged directly to the Capital project. In order to fund these costs it has been necessary to capitalise a number of smaller projects within service departments. As a result of these final charges there will be a need to adjust the following departmental budgets: increase the Children's Services budget by £297k and reduce the budgets in Adults & Community Services (£85k), Regeneration (£23k) and Resources (£189k).

- 2.3 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.

2.4 **Adult & Community Services**

The final outturn position for the Adult & Community Services in 2006/07 is an underspend of £29k. The final position has fallen significantly from the projected overspend reported in June which was £1.2m and is as a result of the implementation of the department's management actions plans throughout the year and an in-year budget adjustment for the Residential Modernisation programme.

The Adult and Community Services Department has faced a challenging year in terms of budgets in 2007/8 having been set a significant savings target of £2.45m. This savings target represented approximately 4% of the departments net budget. However whilst this was an extremely challenging target, savings were realised and budgets were reduced accordingly.

Financial pressures were experienced and reported throughout the year particularly in the Libraries area, and the Community Safety & Parks' Police budgets. These relatively modest cost pressures were able to be contained overall within the departments overall budget through robust budget management actions, partner support and demand management.

Overall the out-turn for the year has come in within budget which will assist in the attainment of the Departments increased "3 Star Top Rating " by the Social Care Inspectorate (CSCI) .

2.5 Children's Services

Overall the Children's Services budget has faced major budget variations during 2007/08, with significant budget pressures arising particularly from the children's placement and leaving care services whose overspend amounted to £4.6m. These pressures have been able to be offset during the year through a combination of an additional in-year budget adjustment, additional income from the PCT (£1.1m) and the use of Standards Fund grants (£1.2m). Officers recognise that some restructuring of the overall budget for 2008/09 is required to avoid further major over and under-spends arising across the department, and plans to address this are well developed and will be taken to future Resource Monitoring panel meetings.

The final outturn position for the department is reporting an overspend of £680k. The projected position as reported in February had suggested that the overall position would be £0.2m overspent. There are two main reasons why the final outturn increase has increased:

- the final year-end allocation between the Dedicated Schools Grant (DSG) and the General Fund has resulted in some costs being charged to the General Fund than were previously estimated. The current work being undertaken on the chart of accounts will allow a systematic reporting of the DSG and General Fund position on a monthly basis to avoid these anomalies for the future.
- There was a need to write-down a number of outstanding income claims in respect of leaving care which related to the period between 2004 and 2006.

2.6 Customer Services

The year started with some potential overspends being identified due to high agency and overtime costs combined with increasing pressures within Environmental & Enforcement Services. These potential overspends were contained through robust financial control and timely and effective management action resulting in the Customer Services Department underspending by £210k in 2007/08 against a budget of £28.8m (0.7%).

The Department successfully took control of services transferred from other Departments including Parks & Open Spaces and Parks Operations along with Highways Maintenance and On Street Parking. This challenging process was successfully managed and the combined services were brought in under budget in 2007/08.

The Environment & Enforcement Division reduced pressures on refuse collection and vehicle fleet through effective management action. Although this area still resulted in an overspend further management action within Barking & Dagenham Direct delivered underspends that contained the overspends within other Divisions. The Barking & Dagenham Direct underspend was achieved through higher levels of Housing Benefit overpayment collection combined with a reduction in the bad debt provision.

2.7 Regeneration

The Regeneration Department faced significant adverse pressures during 2007/08 and from a projected overspend position of £755k (1.6% of gross budget) at July 2007 the department implemented a series of measures to control the overspend. These measures (strict controls on purchases of supplies and services and holding non-essential posts vacant) were very successful with the projected overspend reducing significantly such that at December 2007 the projected overspend was £182,500 (0.4% of gross budget). The delay in disposing of surplus land sites finalised in January 2008 however meant that anticipated transaction fee income was not forthcoming thus increasing the final outturn to £240k (0.7% of gross budget).

In summary the main pressures that the department had to deal with throughout 2007/08 included delayed transaction fee income in disposing of assets, funding changes made by the Learning & Skills Council in relation to the types of courses which it would fund and increased employee costs in the Leisure Centres. These pressures were able to be off-set through holding vacancies, controlling non-payroll spend and the generation of additional income (particularly in off-street parking).

2.8 Corporate Resources

The Corporate Resources position covers the services of the Corporate Resources department, Corporate Management, Interest on Balances, Levies and the Use of the Contingency budget. In 2007/08 these services are showing an overall underspend position of £118k.

The Resources department faced several pressures during the course of 2007/08 including the shortfall of income in Local Land Charges due to changes in legalisation and the additional work required within Payroll to move employees from weekly to monthly payroll. The approval and implementation of a detailed action plan by the department's management team has been successful in producing this forecasted outturn position, and details of actions taken include holding vacant posts and tight controls on both the use of agency recruitment and supplies and services spend. Overall the Resources department is reporting an underspend of £65k.

Interest on balances during 2007/08 showed a positive position of £300k mainly as a result of a number of factors, the key ones being as follows:

- The profile of capital expenditure throughout the financial year resulted in average investment balances to be higher than expected;
- Interest Rates throughout the year have increased as a result of the Economic outlook. Overall the Bank of England Base Rate increased from 5.25% at the start of the financial year to a high of 5.75% in December. The final Bank of England Base rate at March 2008 was 5.25%.

These increased receipts have been used to fund budget pressures in service departments particularly around additional transport and legal costs.

In setting the budget for 2007/08, a contingency budget was approved for any unforeseen items that may arise during the year. The contingency budget made allowance for factors such as the cost of redundancies from savings options and premature retirement costs. The final contingency budget showed a net underspend of £24k.

2.9 Use of Reserves

The final outturn for 2007/08 includes a number of projects that have been funded from ear-marked reserves and these can be summarised as follows:

	<u>£'000</u>
Residential Care Modernisation	1,000
Children's Placements	3,500
Supporting 2007/08 Budget	1,296
Roll-Forwards from 2006/07	703
Invest to Save proposals	405
Contribution to Broadway Theatre	200
IT '10G' System	100
Single Status Agreement	602
One Stop Shop	400
Neighbourhood Management Service	350
Service Reconfigurations	1,021
Total	9,577

3. Housing Revenue Account

- 3.1 The Housing Finance Act, 1972 requires local authorities to maintain a separate Housing Revenue Account (HRA) and the Local Government and Housing Act, 1989 requires the Council to ring-fence the HRA thereby preventing any cross-subsidisation from the General Fund. The Council also maintains a statutory duty to ensure that the HRA does not fall into deficit.

The final position for the Housing Revenue Account shows that there is a working balance at 31 March 2008 of £2.3m compared to a opening balance of £1.7m. This can be summarised as follows:-

	<u>Estimate</u>	<u>Actual</u>	<u>Variance</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>%</u>
Income	(77,645)	(79,714)	(2,069)	2.7
General & Special Management	26,366	28,206	1,840	7.0
Repairs & Maintenance	21,680	22,317	637	2.9
Interest Earned	(1,354)	(1,815)	(461)	(34.0)
Housing Benefit Limitation	3,449	3,174	(275)	(8.0)
Depreciation	13,108	13,332	224	1.7
Payment to DCLG	14,125	13,414	(711)	(5.0)
(Surplus)/Deficit	(271)	(1,086)	(815)	
Opening balance	(1,665)	(1,665)		
Transfer from Subsidy Reserve	0	(579)	(579)	
Transfer from Rental Income Reserve	0	1,074	1,074	
Closing balance	(1,936)	(2,256)	(320)	(16.5)

- 3.2 In 2007/08 the HRA generated an additional £2.1m (3.0%) rental income over budget due to a 53rd week of rental income (£1.1m); higher than estimated other rental income (£532,000); lower than expected rent write offs (£482,000).
- 3.3 The HRA was able to generate additional income from interest on balances due to higher than expected returns on balances. This generated an extra £461,000 (34.0%) that will increase the HRA's working balance for future years' investment in HRA services to residents.
- 3.4 Supervision and management overspent budget in 2007/08 by £1.7m (6.8%) due to higher costs providing concierge and caretaking services on Council Estates (£524,000); higher internal recharges, business service costs and office costs (£733,000); higher costs of investing in a quality and effective Housing advice service to residents (£522,000).
- 3.5 Repairs and maintenance services overspent budget in 2007/08 by £631,000 (2.9%) due to significant investment in local services. These costs were incurred by CHP's in providing ad-hoc responsive repairs and maintenance services to local residents.
- 3.6 The HRA is a net contributor to the Government on HRA subsidy. In 2007/08 the Council have reduced the amount payable to the Government by £711,000 (5.0%) after extensive work to maximise opportunities to reclaim lost rental income imposed on the Council through the Rent Restructuring Framework. Further analysis of the rent rebate subsidy limitation also enabled the Council to reduce the amount paid to the Government by £275,000 (8.0%).

4. Financial Health Indicators

- 4.1 The Audit Commission's Comprehensive Performance Assessment (CPA) introduced the requirement for the Council to undergo an assessment into its Use of Resources (UoR). The Council has a clear ambition to deliver excellent value for money services and to constantly improve and hence aspires to achieving Level 4 in its UoR assessment.

4.2 One of key themes within the UoR assessment is the need to evaluate the Council's position regarding its financial standing. A key line of Enquiry in achieving level 4 requires Members to monitor key financial health indicators and set challenging targets, for example, for income collection, level of variance from budget, prudential framework indicators, capital programme management etc. Whilst the council has a good track record of achieving these targets, it is appropriate that performance against these targets is presented to Executive on a regular basis. Attached at Appendix B is a list of the Council's significant financial health indicators for the financial year 2007/08.

5. Capital Programme

5.1 The total capital expenditure for 2007/08 was £63.3m out of a total budget of £65.7m, an underspend of £2.4m on budget. Included in this report are roll-forward requests totalling £8.5m, with £6.2m of budgets brought forward from 2008/09 into 2007/08, giving a net roll-forward position of £2.3m into future years.

5.2 These figures indicate that 96.3% of the capital programme was spent in 2007/08. This demonstrates the sound financial management principles that are applied across the capital programme.

5.3 The capital programme has been managed throughout the year by project sponsors with support from both the Enterprise Programme Office (EPO) and departmental finance teams. Significant efforts have been made to co-ordinate this work, ensuring that financial input is received effectively from finance groups, and that technical and project management expertise is received from the EPO. These efforts have contributed significant progress on a number of projects throughout the year.

5.4 The Executive is asked to consider and approve the carry forward of unspent budgets from 2007/08 into future years. The detail of these requests is included in Appendix D to this report. They total £8.5m. Of this sum, £7.7m relate to internally funded projects, and £0.8m relate to externally funded schemes.

5.5 An exercise has also been undertaken to highlight any existing schemes that remain uncommitted. This has highlighted schemes totalling £1.62m that remained uncommitted throughout the year, of which £1.55m were part of rolling programmes. In terms of the uncommitted schemes (£70k) these are outlined in Appendix E, and it is recommended that these are carried forward subject to an appraisal through the EPO process.

5.6 The capital outturn position can be summarised as follows:

Revised Budget 2007/08	<u>£m</u> 65.7
Less:	
Actual Expenditure 2007/08	63.3
Underspend	(2.4)
Budgets Rolled Forward into 2008/09	8.5
Budgets Brought Forward from 2008/09	(6.2)
Net underspend after roll-forwards	(0.1)

5.7 Within the overall position, a number of variances have arisen, as follows:

- Within Children's Services, projects relating to Children's Centres have overspent on 2007/08 budget by £1.7m. Budgets have been brought forward from future years to fund this position, but it is important that tight control is maintained to ensure that Children's Centres programme as a whole completes on time and on budget. Also in Children's Services, works on Eastbury Comprehensive have overspent by £0.5m compared to budget, and funding has been brought forward from 2008/09 to fund these costs.
- The Regeneration capital programme underspent by a total of £3.9m. This was predominantly as a result of the setting up of framework contracts for the Housing Futures programme. It is expected that this programme of works will deliver in full in 2008/09.

5.8 The budgets brought forward from 2008/09 of £6.2m are as a result of projects that have spent in advance of their 2007/08 budget, as a result of being ahead of their original programme timetables, so can be funded from resources currently included in the 2008/09 programme. These are detailed in Appendix F.

6. Prudential Indicators

- 6.1 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.
- 6.2 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.
- 6.3 Appendix G sets out the outturn position for 2007/08 against the indicators as set in February 2007. The headline assessment of these figures is that the capital programme placed a marginally lower burden on the revenue budget in terms of financing costs than had been budgeted for at the beginning of the year, as a result of slippage on the programme. The Council has not entered into any long term borrowing during the year. The treasury management indicators confirm that the limits set for investment and borrowing decisions were adhered to throughout the year.

7. Consultees

Councillor G Bramley, Lead Member
 Rob Whiteman (Chief Executive)
 Corporate Directors
 Finance Group Managers
 EPO Office

Background Papers

Oracle Management reports
 RMP Briefing Notes

REVENUE OUTTURN 2007/08

<u>SERVICE DEPARTMENT</u>	<u>Original Estimate £'000</u>	<u>Revised Estimate £'000</u>	<u>Actual £'000</u>	<u>Variation £'000</u>
ADULT & COMMUNITY SERVICES	58,647	62,165	62,136	(29)
CHILDREN'S SERVICES	172,129	177,289	177,969	680
CUSTOMER SERVICES	28,439	28,849	28,639	(210)
REGENERATION	9,847	10,093	10,333	240
RESOURCES & CORPORATE MANAGEMENT	6,014	6,926	6,861	(65)
GENERAL FINANCE	(19,470)	(28,540)	(28,568)	(28)
CONTINGENCY	1,200	24	0	(24)
LEVIES	6,581	6,581	6,580	(1)
TOTAL	263,387	263,387	263,950	563

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Key Financial Health Indicators to 31st March 2008

Investments

	<u>Average Investment Balances</u>	<u>Benchmark Return</u>	<u>Final return 2007/08</u>	<u>Variance against Benchmark</u>	<u>Total Interest Earned</u>
	<u>£m</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>£m</u>
Council in House team	45.1	5.50%	5.51%	0.01%	4.324
External Fund Manager (1)	21.8	5.50%	5.82%	0.32%	1.106
External Fund Manager (2)	34.1	5.50%	5.25%	-0.25%	2.284

Narrative:

The Council met its benchmark targets of 5.50%. Quarter 4 was a favourable quarter for External Fund Manager (1) as they concentrated on the CD market to achieve the return for the quarter and the year. Going forward the fund currently has high yield CD's which should help performance in the falling interest rate environment predicted for 2008/09. External Fund Manager (2) on the other hand underperformed in quarter 4 and for the year as a whole. The poor performance reflected poor judgement of the gilt market. Gilt trading for External Fund manager (2) has proved unprofitable, towards the end of the year the fund was invested primarily in the Institutional Fund with a residual amount in short dated cash. The In-house team on the other hand met its benchmark this was due to Bank of England rate increases during the year as well as spending levels of the Capital programme remaining lower than budgeted.

Capital

<u>Capital Programme</u>	<u>Projected Spend @ Q.3</u>	<u>Original Budget</u>	<u>Working Budget</u>	<u>Actual Spend 2007/08</u>	<u>Variance to Working Budget</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>%</u>
Capital Spend	59,773	75,116	65,713	63,328	(2,385) (3.7%)

Narrative:

The total capital expenditure for 2007/08 was £63.3m out of a total working budget of £65.7 which represents an underspend of £2.4m on budget. These figures indicate that 96.3% of the capital programme was spent in 2007/08. This demonstrates the sound financial management principles that are applied across the capital programme. The final outturn position for the Capital programme require roll-forward requests totalling £8.5m, with £6.2m of budgets brought forward from 2008/09, giving a net roll-forward position of £2.3m. These requests are further outlined in the main text of this report.

Key Financial Health Indicators to 31st March 2008

Capital

<u>Prudential Indicators</u>	<u>Original Indicators 2007/08</u>	<u>Revised Indicators 2007/08</u>	<u>Final Indicators 2007/08</u>
<u>Indicators</u>			
<u>Capital</u>			
Capital Expenditure	£75.1m	£65.7m	£63.3m
Financing Costs			
- Ratio of HRA Financing costs to Net Revenue Stream	17.82%	17.82%	17.82%
- Ratio of General Fund Financing costs to Net Revenue Stream	2.08%	1.23%	1.05%
Impact on Band 'D' Council Tax	£55.18	£32.60	£27.96
Impact on Average Housing Rent	£0	£0	£0
Capital Financing Requirement	£8,328	£8,328	(£152k)
<u>Treasury Management</u>			
Operational Limit on Borrowing	£10m	£10m	£0
Authorised Limit	£150m	£150m	£150m
<u>Narrative:</u>	<p>The final capital expenditure for the year 2007/08 was £63.3m against a revised budget of £65.7m. Financing costs demonstrate the loss of investment income earned on capital receipts as a result of using these balances to fund the capital programme. As a result of the capital programme being lower than originally anticipated when the budget was set, the loss of investment income was lower than originally budgeted, as shown by the lower ratio of financing to revenue stream. The Council did not need to borrow to finance capital expenditure in 2007/08, and therefore remained within the Treasury Limits set in the original budget.</p>		

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CAPITAL OUTTURN 2007/08

Summary of Expenditure

<u>Department</u>	<u>Original Budget £000</u>	<u>Revised Budget £000</u>	<u>Actual £000</u>
Adult & Community Services	2,019	2,406	2,115
Childrens Services	9,718	9,218	11,501
Customer Services	11,358	11,804	11,474
Regeneration	50,554	40,769	36,900
Resources	1,467	1,516	1,338
Total	75,116	65,713	63,328

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CAPITAL OUTTURN 2007/2008

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
Adult & Community Services				171	136	307
Childrens Services	17			119	11	147
Customer Services	6			10	889	905
Regeneration	1078	11		5398	406	6893
Resources	57		70		107	234
	1,158	11	70	5,698	1,549	8,486

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 2007/08

ROLL FORWARD REQUESTS

	Figures for 2007/08			Roll fwd	
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Request</u>	<u>Category</u>
	£000	£000	£000	£000	
Adult & Community Services					
Service Refurbishment	78	10	68	39	E
Reconfiguration of Elderly Services ¹	1,318	1,225	93	93	D
St George's Complex	100	3	97	97	E
Libraries and Heritage					
Eastbury Manor House	116	46	70	70	D
Valance Site Redevelopment	444	436	8	8	D
	2,056	1,720	336	307	
Children's Services					
Secondary Schools					
Barking Abbey	23	16	7	7	A
Other schemes					
Schools Asbestos Programme	450	434	16	16	D
Schools Boiler Programme	100	89	11	11	E
Major Repairs Programme	180	77	103	103	D
Trewern Climbing wall	247	195	52	10	A
	1,000	811	189	147	
Customer Services					
Non HRA					
Private Sector Housing	1,035	770	265	265	E
Private Sector Households (DFGs)	925	637	288	288	E
Housing Modernisation Programme	1,750	1,547	203	203	E
Customer Services B&D Direct					
Office Accommodation (Corporate Signage)	143	10	133	133	E
Interim One Stop Shop	32	26	6	6	A
Respond	12	2	10	10	D
	3,897	2,992	905	905	
Regeneration					
Housing Strategy					
Housing Futures Programme (including Disabled Adaptations, Interim Projects and Frameworks)	19,001	14,141	4,860	4,860	D
Transport					
London Cycle Network (LCN)	380	253	127	127	A
Asset Strategy					
Legionella Works	460	362	98	98	D
Leisure, Arts and Olympics					
BTC Public Art Project	38	26	12	12	E
Barking Park Artwork	10	0	10	10	E
Sporting Legends	52	1	51	51	E
Becontree Heath Leisure Centre	120	24	96	96	A
PGSS Schemes	1,617	1,432	185	185	D
Asset Strategy					
PTS Garage (Eastbrook)	40	0	40	40	A

CAPITAL OUTTURN 2007/08

ROLL FORWARD REQUESTS

	Figures for 2007/08			Roll fwd	
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Request</u>	<u>Category</u>
	£000	£000	£000	£000	
Backlog Maintenance	705	577	128	115	D
Capitalised Major Repairs	662	522	140	140	D
Regeneration - Spatial					
BTC Lifelong Learning	613	556	57	57	A
Barking Town Square Public Realm (Secret Garden)	154	144	10	10	A
Wind Turbines	30	0	30	30	A
Dagenham Dock Infrastructure	5	0	5	5	A
Thames Gateway Social Infrastructure	47	42	5	5	A
Dagenham Heathway Public Realm	2,299	1,877	422	422	A
Goresbrook Parade ²	90	3	87	87	A
London Road Market Square	3,130	3,073	57	57	A
Energy Efficiency Programme	142	0	142	142	A
LEGI Business Centre	1,187	863	324	324	E
Planning Delivery Grant	69	60	9	9	E
Other Accountable Body					
LRL Industrial Signage	11	0	11	11	B
	30,862	23,956	6,906	6,893	
Resources					
IT for Members	17	0	17	17	E
E-government Programme (Council Services)	197	196	1	1	A
Desktop Management Programme	300	210	90	90	E
Data Backup Upgrade	70	0	70	70	C
Performance Improvement Software	38	2	36	36	A
i-Procurement	90	70	20	20	A
	712	478	234	234	
LBBD Total	38,527	29,957	8,570	8,486	

Funded by:

LBBD	7,741
External	763
	8,504

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

Footnotes

- 1 - Reconfiguration of Elderly Services revised budget has increased by £118,000 to reflect the latest valuation of the capital
- 2 - Goresbrook Parade roll forward of £87,000 has been requested to be added to New Dagenham Library in 2008/09

CAPITAL OUTTURN 2007/08

CATEGORY C SCHEMES

<u>Scheme</u>	Figures for 2007/08			<u>Roll fwd</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Request</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Data Back-up Upgrade	70	-	70	70
	70	-	70	70

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CAPITAL OUTTURN 2007/08

Budgets to be brought forward from 2008/09 to 2007/08

	2007/08			2008/09 Budget	
	Budget	Actual	Variation	Budget	Reduced Amount
	£000	£000	£000	£000	£000
Childrens Services					
Primary Schools					
Gascoigne Primary Remodelling	1,003	1,103	100	211	100
Other schemes					
Furze Children's Centre	906	1,712	806	806	806
Leys Children's Centre	500	1,243	743	743	743
Exceptional Basic Need	700	1,158	458	458	458
Schools Legionella	400	414	14	300	14
Renew Schools Kitchens	50	175	125	1,000	125
School Modernisation ¹	450	683	233	851	233
Fire Protection ²	160	219	59	650	59
Customer Services					
Environmental and Enforcement					
Highways Maintenance	2,495	2,648	153	6,000	153
Contaminated Land	662	669	7	110	7
Waste Minimisation	74	180	106	606	106
Customer Services B&D Direct					
Foundation Contact Centre	1,316	1,495	179	1,250	179
Regeneration					
Housing Strategy					
Lintons demolition	0	2,451	2,451	2,451	2,451
Asset Strategy					
Corporate Accommodation Strategy	760	777	17	17	17
Spatial Regeneration					
BTC Public Realm	200	207	7	245	7
Barking Child & Family Health Centre	0	111	111	5,224	111
Barking Town Square (Phase 2)	1,600	2,004	404	2,000	404
New Dagenham Library & Customer First Centre	1,483	1,662	179	725	179
Regeneration initiatives	103	117	14	14	14
Skills, Learning & Enterprise					
Dagenham Job Shop	0	39	39	39	39
Resources					
e-Government Programme - Libraries	51	52	1	52	1
Citrix Server Upgrade	298	338	40	200	40
	13,211	19,457	6,246	23,952	6,246
TOTAL	13,211	19,457	6,246	23,952	6,246

Footnotes

1 - £200k spend on Warren Comprehensive is to be met from School Modernisation Fund

2 - Remainder of Fire Protection budget for 2008/09 is subject to EPO approval

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The Prudential Code for Capital Investment in Local Authorities

Outturn Report 2007/08

1. The Prudential Framework for Local Authority Capital Investment

- 1.1. The Prudential Code for Capital Investment commenced on the 1st April 2004. This system replaced the previous 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 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 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. 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 2007/08 prudential indicators as approved by the Council in March 2007, the revised estimates following in year budget adjustments as reported with the capital budget report in March 2007, and the actual outturn position, now that the final spend on the capital programme for 2007/08 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)

	2007/08 Original Estimate	2007/08 Revised Estimate	2007/08 Actual
	£'000	£'000	£'000
HRA	33,321	19,801	14,956
General Fund	41,885	45,912	48,372
Total	75,116	65,713	63,328

- 3.2 Table 1 shows that actual capital expenditure was £63.3m against a revised budget of £65.7m. This was lower than the original budget of £75.1m.
- 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 2007/08 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)

	2007/08 Original Estimate	2007/08 Revised Estimate	2007/08 Outturn
	£'000	£'000	£'000
Net Revenue Stream			
HRA	78,009	78,009	78,009
General Fund	134,607	134,607	134,607
Financing Costs			
HRA	13,904	13,904	13,904
General Fund	2,796	1,651	1,416
Ratio			
HRA	17.82%	17.82%	17.82%
General Fund	2.08%	1.23%	1.05%

- 4.5 The outturn position for the HRA shows the revenue stream and financing costs in line with the original budget. This has meant that the ratio of financing costs to revenue stream is in line with the budgeted level.
- 4.6 The outturn position for the General Fund shows the same revenue streams as per the budget. However, the reduction in spend on the General Fund element of the capital programme resulted in higher levels of interest being earned on capital receipts than expected.
- 4.7 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)

	2007/08 Original Estimate	2007/08 Revised Estimate	2007/08 Outturn
	£	£	£
For Band D Council Tax	55.18	32.60	27.96
For average Housing Rents	0	0	0

- 4.8 The table shows that, as a result of the underspend on the capital programme, the loss of interest and burden on the revenue budget (and by definition on Council Tax levels) as a result of new schemes was lower than expected, but slightly higher than was originally budgeted, as a result of additional programmes being added to the budget during the year.
- 4.9 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)

	2007/08 Original Estimate	2007/08 Revised Estimate	2007/08 Outturn
Housing Revenue Account (HRA)	(21,355)	(21,355)	(21,355)
General Fund	29,683	21,203	21,203
Capital Financing Requirement	8,328	(152)	(152)

5.3 The capital financing requirement has therefore remained unchanged for 2007/08 as the Council has not undertaken any borrowing. This is consistent with the Medium Term Financial Strategy (MTFS).

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 £10m to cover potential borrowing liabilities from the capital programme in line with the Medium Term Financial Strategy. The Council has a significant borrowing requirement over the next 3 years, so the authorised limit was deliberately set at £150m to provide headroom for any unexpected developments in respect of treasury management.

6.3 The Council remained within its authorised limit of £150m throughout 2007/08. The Council borrowed £1m overnight for cashflow purposes once in the year, but did not need to borrow long term to finance the capital programme in 2007/08.

Table 5: Authorised Borrowing Limits (Prudential Indicator)

	2007/08 £'million Original Estimate	2007/08 £'million Revised Estimate
Operational Limit on Borrowing	10.0	0
Margin for Unforeseen Cash Flow Movements	140.0	150.0
Authorised Limit	150.0	150.0

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 2007/08 is set out below:

a) Interest Rate Exposure

Indicator set March 2007:

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 2007/08.

b) Maturity Structure of Borrowing

Indicator set March 2007:

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

Outturn position:

The Council borrowed once in 2007/08, and this was for overnight cashflow 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.

8. Summary Assessment

- 8.1 The outturn position is set out above in respect of the Prudential Indicators approved in February 2007.
- 8.2 The outturn figures confirm that the limits and controls set for 2007/08 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**.

THE EXECUTIVE

3 JUNE 2008

REPORT OF THE CORPORATE DIRECTOR OF RESOURCES

Title: Local Area Agreement	For Decision
<p>Summary: Barking and Dagenham's Local Area Agreement (LAA) translates the ambitions of all our diverse communities and partners locally into priorities to be delivered by our Local Strategic Partnership (LSP).</p> <p>A new style LAA has been introduced from June 2008 covering the next three years and replaces our existing LAA. The partnership negotiated with the Government Office for London targets selected from 198 national priorities covered by a National Indicator Set. The LAA can also include local targets and ambitions. Our LAA contains 30 national indicators and 8 local indicators. Where partner organisations sign up our LAA, its priorities and targets are covered by a duty to co-operate. Performance against these indicators will be key to our future Corporate Area Assessment (CAA) from April 2009.</p> <p>It is proposed to request the Assembly on 25 June 2008 to amend the Council's Constitution to delegate adoption of the draft LAA to the Executive. The Executive body of the LSP, the Public Service Board (PSB) agreed the final draft submission on 20 May 2008. The negotiation of our draft LAA submission ended on 30 May. The final draft of the LAA has been submitted to Government Office London (GOL) subject to Executive adoption on 3 June. Final approval of all LAAs nationally by Government ministers takes place during June 2008.</p> <p>Wards Affected: All</p>	
<p>Recommendation(s) The Executive is asked to agree to:</p> <ul style="list-style-type: none"> (i) Adopt the draft final Local Area Agreement as submitted to the Government Office for London for approval by the appropriate Secretary of State, subject to delegation of this function to the Executive by the Assembly; (ii) Note final changes to the LAA submission made by the Public Service Board up until 30 May 2008. 	
<p>Reason(s) To assist the Council in achieving all of its Community Priorities and the delivery of the Community Strategy.</p>	
<p>Implications:</p> <p>Financial: Funding linked to the LAA will be aligned with regard to the delivery priorities in the agreement.</p> <p>Legal: Legal framework for adoption of the LAA by the Council referred to in the report.</p>	

Risk Management:

The Secretary of State has required our authority to prepare and submit a draft LAA. Performance against the LAA targets in the agreement will be monitored by the LSP and reported to Government. It will include a performance risk assessment against targets.

Social Inclusion and Diversity:

The LAA is linked to the Community Strategy and is subject to Equalities Impact Assessment. There are a range of cohesion measures in the agreement monitored and delivered by a dedicated LSP sub group.

Crime and Disorder:

There are a range of specific community safety measures in the agreement monitored and delivered by a dedicated LSP sub group.

Options Appraisal:

Not applicable

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1. Introduction and Background

1.1 The development of the LAA has involved us negotiating with the Government Office for London a set of priorities that reflect the key needs and aspirations for our area.

1.2 One of the aims of the new LAA has been to reduce the national requirements for many different measurements of what is being done. Progress has been made on this, with the announcement of the National Indicator Set. This has 198 indicators, which define all the government's priorities for councils working alone or in partnership. The National Indicator Set covers big picture issues about worklessness, health improvement, community safety and sustainability; it's not just about measuring what local government does. Many of these indicators link to the government's national priorities (defined in the public service agreements of government departments) which local government can help to deliver. Some of these indicators overlap with the performance requirements for other partner organisations such as the police or the Primary Care Trust. We have to monitor and report on all 198 locally. Within this are 16 education and early years indicators for which targets are agreed with the Department for Children, Schools and Families.

1.3 Our LAA reflects priority areas for improvement around a vision for change in Barking and Dagenham and will support the delivery of our Community Strategy. The LAA has been developed through consultation and negotiation with partners and stakeholders and demonstrates our LSP's commitment to delivering on a key set of priorities that will enhance the economic well-being of the residents of the Borough.

1.4 The purpose of the new LAAs is to make LAAs the centrepiece of partnership work for the next three years, and are fundamental to implementing our most important ambitions for the local area. They are based around a clear recognition of the democratic role of councils in leading our LSP, with important political roles for councillors in leadership, strategy development, scrutiny, and neighbourhood representation.

1.5 Our LAA identifies improvement priority areas that build around the shared vision of our LSP and are: skills and worklessness; a better place to do business; housing; health inequalities; and children and young people's life chances. The indicators selected from the National Indicator Set focus on what must be achieved in partnership to deliver against these priorities. A table linking our improvement priorities to the LAA indicators is at Annex B to the LAA submission attached.

2. Council Adoption of the LAA – Legislative Framework

2.1 A new legal duty on other public services to co-operate with councils in negotiating and fulfilling LAAs has been included in supporting legislation. This gives councils new scope to influence the priorities of much of the public sector in each locality. The choice of targets against the National Indicator Set is wider in scope and more flexible, with the LAA negotiations being the only place where government can agree targets with councils and local partnerships. This will require that the ambitions of the LAA agreed with government be at the core of our delivery arrangements.

2.2 The Secretary of State has required our authority to prepare and submit a draft LAA. The direction is made under section 106 of the Local Government & Public Involvement in Health Act 2007. Government consulted on where responsibility for LAA functions, including the preparation and submission of a draft LAA, should fall within an authority. The consultation closed on 12 February 2008. Although in the draft statutory guidance *Creating Strong & Prosperous Communities* the Government made clear its intention for full council to formally adopt the LAA, they were convinced that formal functions relating to LAAs should be a matter left to local discretion. This was on the basis that LAAs are the delivery agreement for the long term objectives identified in the Community Strategy and the objectives in the LAA should already have been subject to full council scrutiny and sign off. In addition, Government recognised that the flexibility of local discretion is necessary to enable local authorities to manage their own arrangements as they see fit.

2.3 Amendments to the Council's Constitution, which are due to be considered by the Assembly on 25 June 2008, propose delegation of the adoption of the draft LAA to the Executive.

However, the LAA is required to be formally submitted to GOL before 25 June 2008. Officers advise that this report can be considered by the Executive at this meeting, adoption being subject to delegation of this function to the Executive by the Assembly.

3. Consultees

3.1 Partners and stakeholders have been fully engaged and consulted throughout the priority setting and negotiation process through a piloting of the LAA by this authority early last year, workshops at the LSP conference in September 2007 and formal monitoring and agreement of indicators and targets by the LSP Sub Groups throughout the negotiation process. The Public Service Board (PSB) has met with GOL (Government Office London)

and formally discussed priorities and indicators. Following those meetings GOL formally responded covering issues from Government departments and their own thematic leads and these negotiations have led to our final draft LAA presented for adoption. Negotiations may continue up to the 30 May. The final draft LAA is attached (Appendix 1).

Appendix 1:

Barking & Dagenham Partnership Final Draft LAA Submission

Background Papers Used in the Preparation of the Report:

- None.

Barking and Dagenham's Local Area Agreement A Focus on Improvement

Introduction

As a Local Strategic Partnership we have many ambitious priorities as individual institutions and as a partnership. For the new LAA we are clear that we will concentrate on areas where further intervention is required to achieve better outcomes. We will not focus on priorities where work that is happening is already exemplary and/or by continued attention appears on track to be delivered, for example promoting greater independence for older people through individual budgets and control of care packages.

We recognize that sole or quick interventions do not guarantee success, and modernization that goes wider and deeper requires concerted joined up delivery with more attention to innovative solutions now that many baseline outputs have improved over the last decade. As we negotiate our LAA we want to simultaneously explore the support and innovation needed to develop beyond current best practice into areas of "next practice."

While many services and indicators are improving – indeed we are in the top third of London across the board – we must ensure that by raising pride and civic/neighbourhood capacity residents actively guide the intervention of public agencies so that we build communities and transform lives.

In summary the draft priority areas discussed below are built around our shared vision that we must invest in the community's economic capacity to develop into an area of less frequent dependency that can respond to the challenges of a global economy. Our litmus test is that over the next twenty years residents' average income will rise to the average for London (at present being £28k per annum compared to £38k per annum). Key to this are programmes to address that residents' adult vocational/skills base remains the least well developed of any authority in the country which underpins low income, economic deprivation and social exclusion.

Our improvement priorities

These are our improvement priorities and how our LAA links to the indicators from the National Indicator Set is at Annex A to this submission:

Skills and worklessness

Job creation over the next 20 years in London, the Thames Gateway and the South East will predominantly expect higher levels of adult skills. Local businesses repeatedly tell us that they experience difficulty attracting staff with appropriate customer service, sales and other business skills. There is also a considerable gap between the demand for construction related skills and the supply through local labour markets which means there is high unemployment in parts of the borough while jobs are sourced from external workforce markets.

In order to break the cycle of low skills, through capital and revenue funding from the local authority and Learning & Skills Council we wish to build a ground-breaking Skills Centre in Barking Town Centre for borough wide access for 14-19 years old children and young people. This centre will develop vocational study and skills routes into employment such as construction, sustainable industries, sales, customer services and retail industries.

Similarly, through partnership the Learning and Skills Council will commission an expansion over the next 2-3 years of FE provision in relation to borough residents at locations easily reached by public transport. And public sector employers will join the Council in taking the Skills Pledge and ensure that we invest in basic skills/upskilling.

Through targeted use of the Working Neighbourhoods Fund we will significantly increase the number of apprenticeships across a range of skills/roles, and focus job brokerage attention on client groups who are less economically active. It is essential that our partnership improves delivery systems to ensure that wrap-around support is provided to many groups by all partners so that training opportunities and placements are successful as we target specific neighbourhoods, households and individuals to overcome barriers to entering the labour market.

A better place to do business

Improving skills is of course only one half of the equation. We need to ensure that we have good quality jobs for local people to do.

Through LEGI we have launched Barking & Dagenham Enterprise as an arms length vehicle led by local business to build business opportunity and entrepreneurship. When completed our two new business centres (providing 60,000 sq ft of new business space), and specialist school in entrepreneurship, give a good foundation; but we recognize that additional revenue and capital capacity is required to improve our industrial, warehouse and retail areas so that the borough is a more attractive location for business. Over the course of the LAA therefore the Council will seek to increase resources/capacity to Barking & Dagenham Enterprise and/or other economic development contracts as a contribution to this partnership aspiration; as well as listen more to business and respond to their transport, environmental and other concerns about operating in our area; for example we have identified the priority of diverting resources over the next 2-3 years to tackling crimes against business.

A key requirement is that we increase the number of successful business start-ups and link this with our skills agenda so that new jobs created can be filled by local people with enhanced skills. We also wish to participate in the programme of Local Employment Partnerships to enable employers to take on local people with additional support from Job Centre Plus.

Finally, although the demise of heavy industry has led to significant economic challenges for Barking & Dagenham it has also afforded the opportunity to build a more sustainable environment. We are setting very high standards for sustainability in all new developments, but particularly we wish to build on the successes to date such as Dagenham Dock and Voltaic by locating new sustainable industries south of the A13. Also, the extension of DLR to Barking Riverside and Dagenham Dock will ensure workforce mobility to the opportunities of the regional economy.

Housing

We will increase the supply of housing in equal measure across private, intermediate and social rented sectors by approximately 25,000 new homes; with a better supply of family housing across all tenures to make this a borough of economic choice. Our primary vehicle for new supply of affordable (intermediate and social rented) housing to deliver our Thames Gateway commitments will be a new Local Housing Company. In the coming

months we wish to negotiate with government a means where this is the lynchpin to resolve several inter-linking housing issues.

There must not be cliff edge regeneration where new supply is of significantly better quality than existing social homes, and so the 20,000 homes managed by the Council need to be made decent to improve the economic wellbeing and health of residents. However the strict definition of “decent homes” is simply about the fabric of an asset and not more broadly about better places to live. We need high quality areas with concierge, security, playgrounds and community facilities that ameliorate the sense of alienation that exists in many pre- and post-war estates. And so through the Local Housing Company arrangements we ask that the present substantial negative housing subsidy paid by the borough is translated into investment in social housing areas.

Of equal importance to housing supply are the issues of homelessness and temporary accommodation. Barking & Dagenham is undergoing the fastest changing demography in the country. Many former Council homes, sold under right to buy are coming back onto the market and being bought by young Londoners and their families who will make a real contribution to our community. However, increasingly many properties are also being bought by private sector landlords (for example as buy-to-lets), which is causing pressure on services and damages our aspirations to build sustainable communities.

Therefore, as well as providing investment capacity to raise the quality and aspiration of many estates, the freedom to opt out of the housing subsidy system will allow us to buy back properties from the market to deal with issues of homelessness and transience that are causing cohesion strains in our community. It will also create capacity to provide revenue funding for supported housing to high risk and vulnerable client groups, for example in relation to re-offending and safeguarding children.

Health inequalities

An active and healthy population, with less dependence on incapacity benefit, needs culture change to promote more active and healthy lifestyles. Our borough has high mortality rates and low life expectancy, for example men and women on average live 7 fewer years than residents in Kensington & Chelsea.

We have a range of projects in place, especially in relation to reducing smoking, increasing physical activity, changing poor diet, and increasing childhood immunization. But we wish to focus more attention on breaking the cycle of children and young people not being as economically active as possible in future years. Our ambition therefore is that the Barking & Dagenham Partnership, for example via contributions from the health sector on a business case basis, will provide free healthy option school meals to all children in the first two years of schooling in order to establish healthier eating patterns and reduce childhood obesity. Moreover through partnership we are also seeking to provide free access for all children and young people aged 16 and under to the borough’s leisure facilities in order to encourage access to sport/recreation for all in later life. Beyond this, we will introduce at least three subsidized healthy eating outlets to stimulate demand and to start to break the ‘fast food, take away’ culture prevalent amongst our shopping parades.

Children and young people’s life chances

Inspection in 2007 has reemphasized the need to move more quickly on integrated learning disability services which is a key priority for the Partnership’s Children’s Trust. In terms of universal services, we wish to expand, through redirection within the Trust, services received by young people:

- a mentoring programme with external business and other stakeholders to set positive role models, such as a significant other adult, and raise aspiration amongst young people
- a large expansion in tailored support to parents and families about taking responsibility for behaviour and a range of lifestyle issues
- a large expansion in the range of activities and things to do for young people across the borough which at present is clustered and under resourced compared to need. This will not see an expansion in fixed/traditional youth services but rather an expansion in the services commissioned for and by young people from a range of providers through engagement and commissioning. New provision will include 5 “indoor street corners” in relevant daytime/evening hours.
- Free childcare for targeted groups

In terms of attainment, whilst we are proud of schools’ impressive improvements in key stages, we recognize that we must better translate these successes into more top A/A* grades at GCSE and a higher quantity and quality of A level results with more young people securing university places. A key priority of BSF is to ensure that post-16 provision is configured to improve the offer and success rate at A level across the borough as a whole; and we also wish to improve partnerships between schools and the FE sector to more widely ensure a holistic approach to post-16 opportunities and appropriate outcomes for young people.

Be safe, feel safe

Fear of crime remains a key concern for residents even though the level of crime is the most reduced in the capital by targeted actions in response to our strategic assessment of crime patterns. This is not just a matter of perception lagging behind reality, but caused by concerns that at times low level antisocial behaviour and nuisance is not checked.

The Council is presently reviewing its entire “street scene” presence across various activities in order to promote more visibility and through the shared neighbourhood management umbrella all partners are now increasingly working together to respond to concerns in localities.

But beyond more diversion activities for young people, we think more needs to be done through a range of projects targeted at persistent problems. We will continue to catch more criminals and increase the number of sentences made by the courts, but we also recognize that when these sentences are completed, by the targeted use of pooled Area Based Grant we need to expand supported housing, skills, apprenticeship, support from health and drug/alcohol services and break the re-offending cycle that too often results from people leaving prison and having no job or home to go to.

Domestic violence remains a serious concern that blights households and the lives of many women and children. We have developed an innovative joint rapid response team comprising police, health, and social care to deal with these crimes quickly and provide immediate access to support services to families across a range of policy initiatives highlighted in this paper.

A strong community

In our community there are strong, yet unfounded, concerns amongst many white residents that public services disproportionately favour black minority ethnic residents as well as new arrivals into the UK.

The key interventions above around housing, health, skills, children, and antisocial behaviour are key drivers so that all residents sense that change affords the borough a more successful future than past. The three strands of our regeneration strategy - spatial development, skills/employment and arts/heritage – are bringing considerable investment in infrastructure over the next 5-10 years, but many residents see regeneration as a benefit only to people who will move into our area. At present we see residents increasingly approve of a wide range of individual services across the board, which reflect the improvements we have made, and yet simultaneously many residents are increasingly less satisfied with living in the area and public services as a whole.

Furthermore, our analysis of the data and our experience on the ground, have heightened our realisation that there are underlying gender issues which we must address. Proportionately high levels of female NEETs, teen pregnancy, smoking and domestic violence all point to a community where women and girls are all too often undervalued, especially by themselves.

Annexes:

- A. Barking & Dagenham Partnership LAA Indicator Matrix
- B. Linking our Improvement Priorities and LAA Indicators

Barking & Dagenham Partnership LAA Indicator Matrix

	Indicator(s), including those from national indicator set	Baseline	LAA Improvement Target including those to be designated (shown with a *) and including education and early years targets			Lead Partners
			2008/09	2009/10	2010/11	
C2	NI 1 - % of people who believe people from different backgrounds get on well together in their local area	Wording agreed with GOL to be 'a statistically significant improvement on the 2008 Place Survey Baseline (with option to review in 2009)'				LBBB Inclusion Partnership
C4	NI 4 - % of people who feel they can influence decisions in their locality					LBBB Inclusion Partnership
C4	NI 5 - Overall/general satisfaction with local area					LBBB Inclusion Partnership
C2	NI 15 - Serious Violent Crime rate	Baseline and targets under discussion				Metropolitan Police
C2	NI 16 - Serious acquisitive crime rate	Baseline and targets under discussion				Metropolitan Police
L	NI 19 - Rate of proven re-offending by young offenders	local	local	local	local	local
C4	NI 21 - Dealing with concerns about anti-social behaviour and crime by the local council and police					LBBB ACS Community Safety and Preventative Services - Metropolitan Police
C2	NI 23 - Perceptions that people in the area treat one another with respect and dignity	74%	70%	65%	60%	LBBB Inclusion Partnership
C4	NI 24 - Satisfaction with the way the police and local council dealt with antisocial behaviour					LBBB ACS Community Safety and Preventative Services - Metropolitan Police
C2	NI 30 - Re-offending rate of prolific and priority offenders	Baseline and targets under discussion following 'J Track' return				Metropolitan Police
C4	NI 32 - Repeat incidents of domestic violence					Metropolitan Police
C2	NI 40 - Drug users in effective treatment	383 2007/2008	381 5% on year increase	400 5% on year increase	420 5% on year increase	LBBB ACS DAAT
C2	NI 51 - Effectiveness of child and adolescent mental health (CAMHS) services	15	15	One year set only		CAMHS Strategy Board
L	NI 52 – Take up of school lunches (LOCAL)	local	local	local	local	local
L	NI 54 – Services for disabled children (LOCAL)	local	local	local	local	local
L	NI 56 – Obesity among primary school age children in Year 6 (LOCAL)	local	local	local	local	local
L	NI 57 - Children & young people's participation in high quality PE and sport (LOCAL)	local	local	local	local	local

	Indicator(s), including those from national indicator set	Baseline	LAA Improvement Target including those to be designated (shown with a *) and including education and early years targets			Lead Partners
			2008/09	2009/10	2010/11	
C2	NI 80 - Achievement of a Level 3 qualification by the age of 19	30.00% 2006/2007	34%	36%	38%	LSC
L	NI 81 - Inequality gap in the achievement of a Level 3 qualification by the age of 19 (LOCAL)	local	local	local	local	local
L	NI 82 - Inequality gap in the achievement of a Level 2 qualification by the age of 19 (LOCAL)	local	local	local	local	local
C2	NI 102 - Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stage 2 and 4	KS2 - 13.4%	13	12.5	12	School Improvement Board
		KS4 - 15%	14.6	14.2	13.8	
C4	NI 110 - Young people's participation in positive activities					Children's Trust Board
C4	NI 111 - First time entrants to the Youth Justice System aged 10 - 17					LBBB ACS Youth Offending Team
C2	NI 112 - Under 18 conception rate	54.6%	31.8	28.2	24.6	PCT
C2	NI 117 16 to 18 year olds who are not in education, employment or training	11.4% 2006	9.80%	9.80%	9.80%	LBBB Skills Learning and Enterprise/LBBB Children's Services
C2	NI 121 - Mortality rate from all circulatory diseases at ages under 75 – per 100,000	Baseline subject to agreement	98	97	96	PCT
C2	NI 123 - 16+ current smoking rate prevalence – per 100,000	Baseline subject to agreement	936	935	936	PCT
L	NI 151 - Overall employment rate (LOCAL)	local	local	local	local	local
C4	NI 152 - Working age people on out of work benefits					Job Centre Plus - LBBB Skills Learning and Enterprise
C2	NI 153 - Working age people on out of work benefits in the worst performing neighbourhoods	29.0% Q2 2007	28.20%	26.60%	25%	Job Centre Plus - LBBB Skills Learning and Enterprise
C2	NI 154 - Net additional homes provided	835 2007/2008	428	668	2329	Developers, RSLs, volunteer sector organisations
C2	NI 155 - Number of affordable homes delivered (gross)	203 2007/2008	425	425	425	Preferred RSL partners
C2	NI 163 - Working age population qualified to at least Level 2 or higher	50.8% 2006	52.20%	53.00%	53.80%	Learning and Skills Council - LBBB Skills Learning and Enterprise

	Indicator(s), including those from national indicator set	Baseline	LAA Improvement Target including those to be designated (shown with a *) and including education and early years targets			Lead Partners
			2008/09	2009/10	2010/11	
C4	NI 171 - New business registration rate					LBBB Skills Learning and Enterprise/Barking and Dagenham Enterprise
C4	NI 172 - VAT registered businesses in the area showing growth					LBBB Skills Learning and Enterprise/Barking and Dagenham Enterprise
C2	NI 173 - People falling out of work and on to incapacity benefits	Baseline and target setting meeting with Department of Work and Pensions (DWP) 20 th May				Job Centre Plus - LBBB Skills Learning and Enterprise
C4	NI 185 - CO2 reduction from Local Authority operations					LBBB Environmental Sustainability
C2	NI 192 – Percentage of household waste sent for reuse, recycling and composting					
	a) Litter and detritus	38%	15%	15%	15%	LBBB CS Environmental and Enforcement Services
	b) graffiti	27%	10%	10%	10%	LBBB CS Environmental and Enforcement Services
	c) Fly posting	2%	2%	2%	2%	LBBB CS Environmental and Enforcement Services
	DCSF Statutory indicators					
M	NI 72 Achievement of at least 78 points across the Early Years Foundation Stage with at least 6 in each of the scales in Personal Social and Emotional Development and Communication, Language and Literacy	51.3%	55%	63%		Children's Trust Board
M	NI 73 Achievement at level 4 or above in both English and maths at Key Stage 2 (Threshold)	68.1%	None set	76.0%	None set	Children's Trust Board
M	NI 74 Achievement at level 5 or above in both English and Maths at Key Stage 3 (Threshold)	61.7%	None set	70.0%	None set	Children's Trust Board
M	NI 75 Achievement of 5 or more A*-C grades at GCSE or equivalent including English and Maths (threshold)	39.7%	43.0%	45.0%	None set	Children's Trust Board

	Indicator(s), including those from national indicator set	Baseline	LAA Improvement Target including those to be designated (shown with a *) and including education and early years targets			Lead Partners
			2008/09	2009/10	2010/11	
M	NI 83 Achievement at level 5 or above in Science at Key Stage 3	68.0%	75.0%	76.0%	None set	Children's Trust Board
M	NI 87 Secondary school persistent absence rate	6.9%	None set	7.0%	None set	Children's Trust Board
M	NI 92 Narrowing the gap between the lowest achieving 20% in the Early Years Foundation Stage Profile and the rest	35.3%	31.4%	29.3%	None set	Children's Trust Board
M	NI 93 Progression by 2 levels in English between key Stage 1 and Key Stage 2	82.0%	None set	86.0%	None set	Children's Trust Board
M	NI 94 Progression by 2 levels in Maths between Key Stage 1 and Key Stage 2	78.7%	None set	82.0%	None set	Children's Trust Board
M	NI 95 Progression by 2 levels in English between Key Stage 2 and Key Stage 3	25.4%	None set	32.0%	None set	Children's Trust Board
M	NI 96 Progression by 2 levels in Maths between Key Stage 2 and Key Stage 3	46.5%	None set	57.0%	None set	Children's Trust Board
M	NI 97 Progression by 2 levels in English between Key Stage 3 and Key Stage 4	58.2%	None set	61.0%	None set	Children's Trust Board
M	NI 98 Progression by 2 levels in Maths between Key Stage 3 and Key Stage 4	28.6%	None set	33.0%	None set	Children's Trust Board
M	NI 99 Children in care reaching level 4 in English at Key Stage 2	44.4%	80.0%	90.0%	None set	Children's Trust Board
M	NI 100 Children in care reaching level 4 in Maths at Key Stage 2	55.5%	80.0%	70.0%	None set	Children's Trust Board
M	NI 101 Children in care achieving 5 A*-C GCSEs or equivalent) at Key Stage 4 (including English and Maths)	7.7%	27.6%	53.3%	None set	Children's Trust Board

C1 = agreed indicators - no target proposed

C2 = agreed indicators - draft targets under discussion

C3 = agreed indicators - targets agreed (by GOL & B&D LSP)

C4 = agreed indicators - no target to be set in first year

L = Local only

M = Statutory DCSF indicators

Linking our Improvement Priorities and LAA Indicators

Local Indicators are shown in *italics*

Improvement priorities	Our focus to achieve these priorities is to...	Indicators
Skills & worklessness	<ol style="list-style-type: none"> 1. Raise household incomes by getting unemployed people into jobs and those in jobs into better jobs 2. Significantly improve the levels of adult skills and qualifications 3. Reduce NEETs 	<ul style="list-style-type: none"> • <i>NI 151 - Overall employment rate (LOCAL)</i> • NI 152 - Working age people on out of work benefits • NI 153 - Working age people on out of work benefits in the worst performing neighbourhoods • NI 173 - People falling out of work and on to incapacity benefits • NI 117 - 16 to 18 year olds who are not in education, training or employment • NI 163 - Working age population qualified to at least Level 2 or higher
A better place to do business	<ol style="list-style-type: none"> 4. Attract & retain businesses by ensuring B&D is seen as safe, clean and business friendly 5. Encourage and facilitate business start ups 	<ul style="list-style-type: none"> • NI 171 - VAT registration rate • NI 172 - VAT registered businesses in the area showing growth • NI 185 - CO2 reduction from Local Authority operations • NI 192 – Percentage of household waste sent for reuse, recycling and composting
Housing	<ol style="list-style-type: none"> 6. Provide more homes, especially affordable homes 7. Create better places to live 	<ul style="list-style-type: none"> • NI 154 - Net additional homes provided • NI 155 - Number of affordable homes delivered (gross) • NI 5 - Overall/general satisfaction with local area
Health inequalities	<ol style="list-style-type: none"> 8. Reduce mortality rates (especially for women) 9. Reduce smoking 10. Reduce obesity – especially in children 11. Improving mental well-being 	<ul style="list-style-type: none"> • NI 121 - Mortality rate from all circulatory diseases at ages under 75 • NI 123 - 16+ current smoking rate prevalence • <i>NI 52 – Take up of school lunches (LOCAL)</i> • <i>NI 56 – Obesity among primary school age children in Year 6 (LOCAL)</i> • <i>NI 57 - Children & young people's participation in high quality PE and sport (LOCAL)</i>
Children & young people's life chances	<ol style="list-style-type: none"> 12. Increase qualifications – especially post GCSE 13. Ensure there are more and better things for children & young people to do 14. Increase support for children with learning difficulties & disabilities 15. Increase support for children & adolescents with mental health needs 16. Reduce teen pregnancy 	<ul style="list-style-type: none"> • DCSF Statutory indicators • NI 110 - Young people's participation in positive activities • NI 80 - Achievement of a Level 3 qualification by the age of 19 • <i>NI 81 - Inequality gap in the achievement of a Level 3 qualification by the age of 19 (LOCAL)</i> • <i>NI 82 - Inequality gap in the achievement of a Level 2 qualification by the age of 19 (LOCAL)</i> • NI 51 - Effectiveness of child and adolescent mental health (CAMHs) services • <i>NI 54 – Services for disabled children (LOCAL)</i> • NI 102 - Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stage 2 and 4 • NI 112 - Under 18 conception rate

Improvement priorities	Our focus to achieve these priorities is to...	Indicators
Be safe, feel safe	17. Ensure people feel safer in their neighbourhoods 18. Divert people from a life of crime & reduce re-offending 19. Reduce ASB 20. Reduce Domestic Violence	<ul style="list-style-type: none"> • NI 15 - Serious Violent Crime rate • NI 16 - Serious acquisitive crime rate • <i>NI 19 - Rate of proven re-offending by young offenders (LOCAL)</i> • NI 40 - Drug users in effective treatment • NI 111 - First time entrants to the Youth Justice System aged 10 - 17 • NI 21 - Dealing with concerns about anti-social behaviour and crime by the local council and police • NI 24 - Satisfaction with the way the police and local council dealt with antisocial behaviour • NI 30 - Re-offending rate of prolific and priority offenders • NI 32 - Repeat incidents of domestic violence
A strong community	21. Listen to people so they feel better able to influence decisions & services 22. Ensure fair access to services 23. Provide opportunities for people to get on well together	<ul style="list-style-type: none"> • NI 1 - % of people who believe people from different backgrounds get on well together in their local area • NI 4 - % of people who feel they can influence decisions in their locality • NI 23 - Perceptions that people in the area treat one another with respect and dignity

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