

Notice of Meeting

THE EXECUTIVE

Tuesday, 17 November 2009 - 5:00 pm
Council Chamber, Civic Centre, Dagenham

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

Date of publication: 6 November 2009

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, Councillors 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 3 November 2009 (circulated separately)**
4. **Changing Governance Arrangements in 2010: New Executive Arrangements (Pages 1 - 11)**
5. **Construction of New Council Housing within the Housing Revenue Account (to follow)**
6. **Covering the Cost of Planning Application Fees of Local Charities (Pages 13 - 17)**
7. **Change of Status for Dagenham Park School to Become a Voluntary Controlled Church of England School (Pages 19 - 32)**
8. **Budget Monitoring Report - September 2009-2010 (Pages 33 - 62)**
9. **Any other public items which the Chair decides are urgent**

10. 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). ***There are no such items at the time of preparing this agenda.***

11. **Becontree Heath Leisure Centre (Pages 63 - 83)**
12. **Any other confidential or exempt items which the Chair decides are urgent**

EXECUTIVE

17 November 2009

REPORT OF THE CORPORATE DIRECTOR OF RESOURCES

Title: Changing Governance Arrangements in 2010: New Executive Arrangements Outcome of Public Consultation	For Decision
<p>Summary:</p> <p>In accordance with the Local Government and Public Involvement in Health Act 2007 (LGPIH 2007) the Council is required to adopt new Executive arrangements by 31 December 2009.</p> <p>The Assembly in May 2007 indicated that based on the leadership models contained in the above legislation it favoured the adoption of a revised strengthened indirectly elected Leader and Cabinet model. This view was re-affirmed at the meeting of the Executive on 8 September 2009.</p> <p>The report to that meeting also outlined the required approach to the statutory public consultation which commenced 19 September and closed 31 October 2009. The results of the consultation are to set out in this report together with the next steps to be taken to formally adopt the preferred leadership model.</p> <p>For purposes of clarity reference in the legislation to a Leader and Cabinet model refers to the Council's existing Leader and Executive arrangements.</p> <p>Wards Affected: All</p>	
<p>Recommendation(s)</p> <p>In light of the outcome of the public consultation the Executive is asked to reaffirm the decision taken by the Assembly in May 2007 in supporting the model of a strengthened indirectly elected Leader and Cabinet; and in so doing to recommend that the Assembly at a specially conveyed meeting on 9 December 2009 to:</p> <ol style="list-style-type: none"> i. ratify that decision which shall become effective from the third day after the Municipal elections in 2010 (at midnight on 9 May 2010), ii. that the power to remove the Leader at any time by way of a vote of no confidence be taken at the Assembly, and iii. agree that any consequential changes brought about by (i) above are incorporated into the Council's Constitution as part of the annual review of the document which is adopted at the Annual Assembly in May 2009 <p>In accordance with the provisions of LGPIH 2007 a notice will be published of the Council's intention to adopt its preferred model of governance in advance of the meeting of the special Assembly meeting.</p>	

Reason(s)		
To ensure that the Council complies with its statutory duties under LGPIH 2007.		
Implications		
Financial - No specific implications. The costs associated with the public advertisement will be met from existing budgets.		
Legal - The whole report is concerned with the duty placed on the Council under the LGPIHA to change its governance arrangements and the various statutory requirements are addressed in the body of the report.		
Contractual - No specific implications.		
Risk Management - No specific implications.		
Staffing - No specific implications.		
Customer Impact - No specific implications.		
Safeguarding Children - No specific implications.		
Crime and Disorder - No specific implications.		
Property / Assets - No specific implications.		
Options appraisal - The options available to the Council in relation to its main governance arrangements post May 2010 are prescribed by legislation.		
Head of Service: Nina Clark	Title: Divisional Director of Legal and Democratic Services	Contact Details: Tel: 020 8227 2114 E-mail: nina.clark@lbbd.gov.uk
Report Author: John Dawe	Title: Group Manager Democratic Services	Contact Details: Tel: 020 8227 2135 E-mail: john.dawe@lbbd.gov.uk

1. Background

- 1.1 A report entitled "Changing governance arrangements in 2010: New Executive Arrangements" was considered by the Executive on 8 September 2009. The report outlined the Council's views with regard to the leadership models and related issues as prescribed in the 2007 LGPIHA for the purposes of a statutory consultation exercise. The Executive also recommend to the Assembly that it sit at a specially convened meeting on 9 December 2009 to ratify the decision following publication of the preferred option, in line with the requirements of the Act which states that new executive arrangements must be adopted by 31 December 2009.

- 1.2 In addition to the views of the Council, this report provides details of the responses to the consultation exercise (**Appendix 1**) and the outcome of a survey of London local authorities on the subject of their current political management arrangements and proposals on their chosen consultation methods (**Appendix 2**)

2. Consultation Response

- 2.1 The 2007 LGPIHA requires that Councils must consider the reasons given by the public and provide justification for choosing the model it decides to adopt.
- 2.2 Consultation on the Council's preferred form of governance and related matters was conducted through a two pronged consultation approach. The first, an online consultation which opened on the LBBD website and ran for four weeks from 1 October 2009 until 31 October 2009, the second was an advertisement featured in the local community newspaper 'The News' appearing in issues published on 12 October 2009 and 26 October 2009 both of which invited comments and reasons as to the preferred leadership models, i.e. the strengthened indirectly elected Leader and Cabinet model or the directly elected Mayor model.
- 2.2 In summary the results of the consultation exercise shows that there is no justification to alter the Council's initial preferred option of the Leader and Cabinet model and that is reinforced by the low number of responses received (thirteen in total).
- 2.3 Consequently the Council has complied with its duty to consult and to take reasonable steps before drawing up its proposals as set out in the Act. It should be noted that the survey of London authorities indicates that most adopted a similar approach to LBBD, i.e. an article in the authority's newspaper and on their website and an on-line questionnaire.

3. Current Position and Implementation

- 3.1 The Council, in favouring the Leader and Cabinet model, has expressed the view that the size of the Executive should remain at ten (the maximum allowed for under the legislation). It believes this model is best for continuous improvement as it provides for more open and transparent decision making. Since 2004 the Council's improvement has been widely recognised and it is now part of an elite group of local authorities in the country to win the dual top rating of 'excellent' (4 stars) and an 'improving strongly' direction of travel.
- 3.2 The results of the consultation exercise clearly supports this view and therefore, in accordance with the Act it is necessary to publish the Council's final proposal, and notice of intention to adopt a new model of Executive arrangements in the local newspaper, "The News" to run for one week from 28 November 2009 (see **Appendix 3**).

3.3 A summary of the key features of the Leader and Cabinet model is as follows:

- The Council appoints the Leader who then appoints and determines the size of the Cabinet.
- The Leader can in addition to him / herself appoint two or more Councillors to the Cabinet. The maximum number on the Cabinet still remains as ten.
- The new style Leader will have a fixed term of office of four years. However, the Council may resolve to give itself the power to remove the Leader during his / her term of office through a vote of no confidence taken at the Assembly.
- The purpose of the fixed term of office is to give the leadership greater stability and encourage elected leaders to take stronger long term decisions in the interests of residents.
- The Leader is required to appoint a Deputy Leader with power to act in his / her absence for a four year period, although the Leader can remove him / her at any time during their term.
- The Act vests in the Leader all of an Authority's executive functions as set out in the Local Authorities (Functions and Responsibilities) (England) Regulations 2000. He / she will have the power to determine how these powers are to be discharged – either directly by the Leader or delegated to the Cabinet group of Councillors either as a collective (as is the current position), individually (i.e. Portfolio decision-making) or to officers. Once appointed the Leader will be asked to clarify their position on delegations i.e. whether to continue as per the current scheme set down in the Constitution or to make alternative arrangements.
- As the power to appoint Cabinet Members no longer falls to the Assembly on an annual basis they may be appointed or dismissed by the Leader at any time during the four year term of the Council

4. Timetable

4.1 The timetable for adopting the new executive arrangements is as follows:

- 28 November 2009 - publication of proposal in the News
- 9 December 2009 - Special Assembly (on the rising of the scheduled meeting) to formally adopt revised arrangements
- Midnight on 9 May 2010 – new Executive arrangements take effect

5. Links to Corporate and other Plans and Strategies

6.1 None.

6. Consultees

7.1 The following were consulted in the preparation of this report:

Councillor(s)

Councillor Liam Smith, Leader of the Council

Chief Executive's Group

Rob Whiteman, Chief Executive

Resources

Nina Clark, Divisional Director of Legal and Democratic Services
Winston Brown, Legal Partner – Corporate Law and Employment
Alan Dawson, Team Manager Leader and Executive Team

8. Background Papers Used in the Preparation of the Report:

- Local Government and Public Involvement In Health Act 2007
- Communities in Control: Real People, Real Power: Changing Council Governance Arrangements – Mayors and Indirectly Elected Leaders. A Consultation
- “Modernising the Political Structure” Report and Minutes, Council 22 March 2000
- “Report of the Governance Working Party” Report and Minutes, Assembly 16 May 2007.

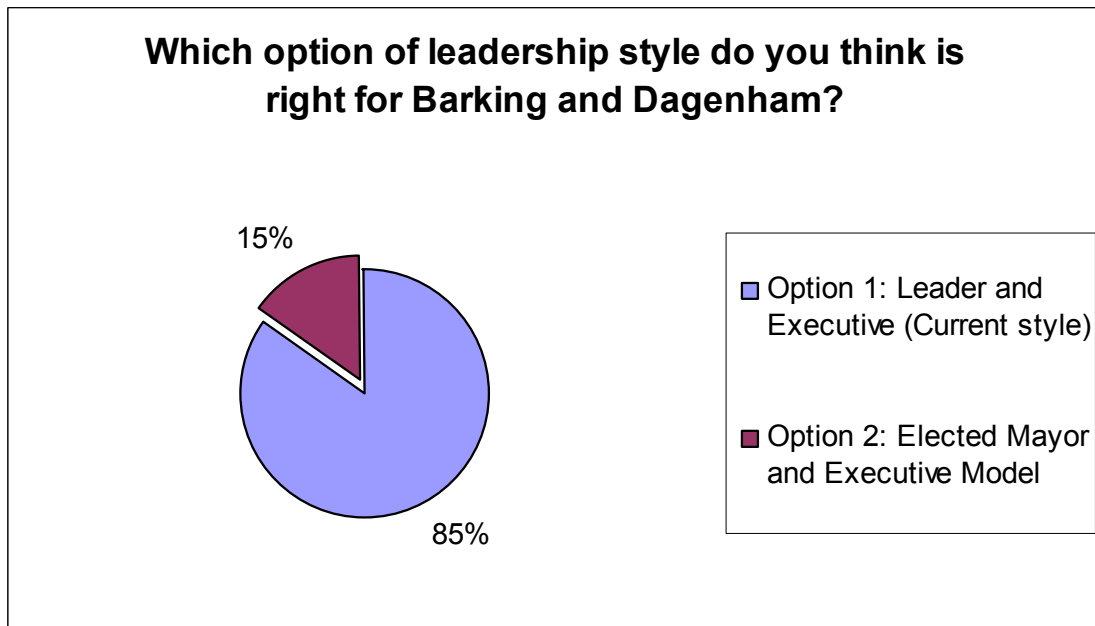
9. List of appendices:

Appendix 1 - Summary of responses

Appendix 2 - Summary of other Council's consultation approach

Appendix 3 - Draft of public notice

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Commentary

Option 1

- This is the most appropriate model for us. I hope the council will introduce Junior Cabinet Members scheme to develop up and coming politicians!
- The main reason for selecting option 1 is that I am not in favour of an elected Mayor who cannot be removed from office for 4 years; if an appointee is doing a very bad job he/she should not have the ability to remain in office simply because the rules say so.
- The current style has only been in force for five years and needs more time to develop. To change the system, again, so soon, would mean another strain on local finances. Implementation of a Mayoral scheme would not come cheap and this council already wastes too much money on empire building!
- I feel that the leader should be an elected councillor member. However i do not want the leader to be elected for 4 years. I do not however think that allowing the leader to choose his own executive would be likely to assist in securing continuous improvement in the way in which the local authority's functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- Seems reasonable and able to remove if required.
- I would like a Mayor, but it could be quite dangerous to have one that can't be removed - especially in this borough.
- Too much power invested in one person through the other schemes. Loss of tradition!

Option 2

- I don't like the people who are appointed which is due to party politics.

Written submissions

Option 1

- I prefer the more democratic option 1 to the authoritarian option 2. I do not like the fact that in option 2, once elected, the Mayor cannot be removed from office and wields absolute power. Neither does he/she need to be a councillor or a member of a political party! So where is the 'accountability' for decisions that are deemed by the majority of councillors – or even the ratepayers – to be unpractical?

Option 2

- Referring to the above act [Local Government and Public Involvement in Health Act 2007] and your community newspaper of 3 October 2009, I wish to state that my choice for the election of the Mayor for this council is the following.

Option 2, which means the people of Barking and Dagenham elect a Mayor every four years.

- The Mayor Can make most decisions on his/her own.
- Once elected the Mayor cannot be removed from office.
- The Mayor does not need to be a councillor or a member of a political party.

Post-election 2010: political management arrangements

Participating authorities

Barnet
 Brent
 Bromley
 Ealing
 Greenwich
 Hammersmith and Fulham
 Haringey
 Harrow
 Havering
 Hillingdon
 Hounslow
 Islington
 Kensington and Chelsea
 Kingston upon Thames
 Lambeth
 Lewisham
 Newham
 Southwark
 Sutton
 Waltham Forest
 Westminster

Which executive model currently operates in your authority?:

- 19 Leader and Cabinet
- 2 Directly elected Mayor

Do you have any indication as yet as to which of the executive models your authority is likely to recommend in its published proposals?

- 1 Mayor and Cabinet
- 15 "New-style" Leader and Cabinet
- 3 Don't know

Do you plan to hold a referendum?

- 0 Yes
- 15 No
- 6 Don't know

Please briefly describe the nature and form of the consultation you have undertaken or will undertake

(PLEASE SELECT ALL THAT APPLY)

- 13 Article in Council newspaper
- 14 Article on website
- 2 Pamphlet distributed via Council information points
- 1 Pamphlet distributed to all borough households
- 3 Questionnaire in Council newspaper
- 8 Questionnaire on website
- 1 Questionnaire in pamphlet (as above)
- 4 Other
- 5 Don't know

If other, please specify

"advertises in local newspapers letter to strategic partnership and CVS members email newsletter to staff"

"Information sheet distributed to attendees of area forums as part of regular newsletters - option of discussing issue at area forum meetings."

"Emails to all cooptees, community organisations and anyone who has requested an agenda in the past"

"Ad in local press"

"Survey of our well-established residents' panel Wrote to various tenants, residents, voluntary and other community groups, plus partner organisations, actively seeking their views."

"Full arrangements for the consultation are still to be decided"

"Articles in voluntary sector/residents association newsletters"

"We will also use our residents panel for a survey (there are about 1200 members on the panel)"

Will your new executive arrangements provide for the Leader to be removed by Council resolution?

7 Yes

0 No

8 Don't know

6 Not asked

Do your Cabinet Members currently have the power to make individual decisions?

13 Yes

8 No

Will your new executive arrangements provide for these powers to be given to individual Cabinet Members?

0 Yes

2 No

5 Don't know

13 Not asked

DRAFT NEWSPAPER ADVERTISEMENT (text only)

The Council is required to adopt new Executive Arrangements by 31 December 2009 in accordance with Local Government and Public Involvement in Health Act 2007. Throughout September and October 2009 local people have had the opportunity to tell us which option of governance they would prefer.

After analysing feedback and taking into account the views of Barking and Dagenham residents, the Council is able to proceed with its proposal of adopting a 'Leader and Cabinet' model of governance which will take place at a meeting of the Assembly on 9 December 2009 specially convened for that purpose. This model will take effect after the May 2010 local elections (midnight on 9 May 2009).

Implementing a 'Leader and Cabinet' model means that...

- The Council will keep a similar system to the arrangements currently in operation.
- The Council will elect the Leader every four years.
- The Leader will have powers to appoint and dismiss Cabinet Members.
- All Executive powers will be vested in the Leader who can choose if they so wish to delegate to other Cabinet members individually or collectively and/or to officers.
- The Leader can be removed from the Council by a vote of no confidence from his/her peers at any time.
- The Ceremonial Mayor will continue to carry out ceremonial duties.

The Council would like to thank those who took the time to respond to the New Executive Arrangements consultation.

If you would like more information about the new Executive Arrangements please contact John Dawe, Democratic Services, on 0208 227 2135 or e-mail: john.dawe@lbbd.gov.uk

Alternatively, you can write to us at:

Executive Arrangements
Democratic Services
London Borough of Barking and Dagenham
Civic Centre
Dagenham, RM10 7BN

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EXECUTIVE

17 NOVEMBER 2009

REPORT OF THE CHIEF EXECUTIVE

Title: Covering the Cost of Planning Application Fees of Local Charities	For Decision
<p>Summary</p> <p>Section 2 of the Local Government Act 2000, gives councils the power to take any steps which they consider are likely to promote or improve the economic, social or environmental well-being of their local community. Local authorities must consider the objectives and priorities contained in their community strategy before they take action under this power. This includes the power to give financial assistance to any person and to incur expenditure.</p> <p>Officers consider that in cases where a local registered charity, based in the Borough, submits a planning application that helps deliver Community Plan priorities then the whole fee should be covered in the form of a grant, the grant being repayable if the planning permission is not implemented.</p> <p>Applications of this nature are rare so it will not have a significant impact on planning fee income. Any increase in planning applications due to this initiative would not represent lost income as they would not have been received without it.</p> <p>This measure complements the decision the Executive took in approving the draft planning guidance on Hot Food Takeaways which included a levy of £1,000 on permitted takeaways to contribute towards initiatives to tackle childhood obesity.</p> <p>Wards Affected: None</p>	
<p>Recommendation(s)</p> <p>The Executive is recommended to agree that where a planning application from a local registered charitable organisation based in the Borough receives planning permission, and the planning application helps deliver the priorities of the Community Plan, a grant is offered to the applicant equivalent to the whole of the planning application fee, the grant being repayable if the planning permission is not implemented.</p>	
<p>Reason(s)</p> <p>To help deliver all the Community Plan priorities.</p>	
<p>Implications</p>	

Financial

The awarded grant will be offset by the fee received for the respective planning application and therefore met entirely from within the Regeneration and Economic Development budget. Planning applications of this nature are rare, only one or two are received each year, so it will not have a significant impact on planning fee income.

Any increase in planning applications due to this initiative would not represent lost income as they would not have been received without it.

Legal

The Legal Partner comments as follows – If a charity makes a planning application it has to pay a fee like all applicants even if the reason for the development is wholly beneficial to the community. The Council has power under section 2 of the Local Government Act 2000 to establish a policy to refund the fee for applications from charities where the application would help to deliver one of its priorities in its Community Plan.

Section 2 of the Local Government Act 2000. This provision provides local authorities with a power to take any steps which they consider are likely to promote or improve the economic, social or environmental well-being of their local community. Local authorities must consider the objectives and priorities contained in their community strategy before they take action under this power.

Paragraph 34 of the Statutory Guidance clarifies that section 2(1) of the 2000 Act contains no restriction or limitation on the amount of money a local authority can spend. Authorities will be able to fund the activities of different groups and bodies, as well as invest in such activities, if they consider that this expenditure contributes to the economic, social or environmental well-being of the local area. Such financial assistance may be given by any means authorities consider appropriate, including by way of grants or loans, or by the provision of guarantees.

Contractual - No specific implications

Risk Management – Officers consider that this grant should be awarded on condition that it is returned if the planning permission is not implemented. This would clearly be stated on award of the grant in a written agreement. Implementation would be monitored via a condition attached to the planning permission.

Staffing - No specific implications.

Customer Impact – This initiative supports the work of charities in delivering community plan priorities and therefore helps meet the needs of customers.

Safeguarding Children - No specific implications

Crime and Disorder - No specific implications

Property/Assets - No specific implications

Options appraisal - None

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Report Author: Daniel Pope	Title: Group Manager Development Planning	Contact Details: Tel: 020 8227 (3929) Fax: 020 8227 (3490) E-mail: (daniel.pope@lbbd.gov.uk)

1. Report detail

- 1.1 The Council receives a fee for all the planning applications it determines. It also receives a fee for planning applications determined by the London Thames Gateway Development Corporation. These fees are set out in the Town and Country Planning (Fees for Applications and Deemed Applications) (Amendment) (England) Regulations 2008. The amount due depends upon the type and size of development.
- 1.2 Communities and Local Government Circular 04/2008 provides the detail on the operation of the fees system. This makes clear that without payment of the appropriate fee, a planning application is not valid.
- 1.3 Planning fees were introduced in 1981, with the intention that users and potential beneficiaries of the planning system, rather than taxpayers in general, meet the costs incurred by local planning authorities in deciding planning applications.
- 1.4 The report author is aware of two local authorities who cover the planning application fee in the form of a grant where planning permission is granted for householder micro-generation systems which are implemented. This is intended to act as an incentive for householders to install micro-generation systems. (Householder micro-generation systems are systems such as domestic wind turbines or solar panels which can be installed on a house to generate zero carbon / low carbon heat / power for that households use).
- 1.5 Recently the Council has received a planning application for Dagenham United Children's Football Club to renew their existing planning permission. This is a registered charity
- 1.6 It has roughly 300+ members from the ages of six to sixteen, boys and girls of all abilities the majority from Barking and Dagenham. Over fifty volunteers dedicate their time to ensure that the young people have a rewarding experience within the Club.
- 1.7 In 2006 the club was granted planning permission to erect a clubhouse and a new artificial pitch with floodlighting and parking facilities at Manor Road. The club aims to raise between £50,000 and £100,000 towards the cost of what is a £500,000 project to re-develop the site and give football a real home in Dagenham.
- 1.8 This planning permission has now lapsed and the club is now faced with a fee of £2100 for a further planning application. This is clearly an example where the

planning fee is a burden on a local registered charity whose activities are helping deliver Community Plan priorities.

- 1.9 In the light of the measures taken by Redditch and Kirklees councils to encourage the take up of household micro-generation systems, officers consider that in cases where a local registered charity, based in the Borough, submits a planning application that will help deliver Community Plan priorities then the whole planning application fee should be covered in the form of a grant. This will remove a significant burden on local charities when they look to improve existing/develop new facilities in the Borough.
- 1.10 The Council can take this action under Section 2 of the Local Government Act 2000, which gives councils the power to take any steps which they consider are likely to promote or improve the economic, social or environmental well-being of their local community. Local authorities must consider the objectives and priorities contained in their community strategy before they take action under this power. This includes the power to give financial assistance to any person and to incur expenditure. However, officers consider that the grant should be awarded on condition that it is returned if the planning permission is not implemented. Without this condition there is no guarantee that the grant would help deliver the priorities of the Community Plan.
- 1.11 This is the second measure the Council has brought forward recently which focuses on how the planning system can help deliver the priorities of the Community Plan. It therefore complements the decision the Executive took in approving the draft planning guidance on Hot Food Takeaways which includes a levy of £1000 on permitted takeaways to contribute towards initiatives to tackle childhood obesity.

2. Links to Corporate and other Plans and Strategies

- 3.1 Where a planning application from a local charitable organisation, based in the Borough, receives planning permission and is implemented, and the planning application helps deliver the priorities of the Community Plan, officers recommend that a grant is offered to the applicant to cover the whole planning application fee.

3. Consultees

- 3.1 The following were consulted in the preparation of this report:

Councillor(s)

Councillor McCarthy, Cabinet Member for Regeneration

Chief Executive's:

Jeremy Grint, Head of Regeneration and Economic Development

Dave Mansfield, Development Management Manager

Andy Butler, Group Manager for Area Regeneration

Sue Lees, Divisional Director of Asset Management and Capital Delivery

Resources:

Lee Russell, Departmental Head of Finance

Yinka Owa, Legal Partner

Mark Tyson, Group Manager Policy and Partnerships

Adult and Community Services:

Anne Bristow, Corporate Director of Adult and Community Services

Paul Hogan, Head of Leisure Arts and Olympics

Heather Wills, Head of Community Cohesion and Equalities

Glynis Rogers, Divisional Director of Community Safety and Neighbourhood Services

4. Background Papers Used in the Preparation of the Report:

- Power to promote or improve economic, social or environmental well-being – Statutory Guidance, ODPM, 2000
- Communities and Local Government Circular 04/2008, CLG, 2008
- Local Government Act 2000, ODPM 2000
- The Town and Country Planning (Fees for Applications and Deemed Applications) (Amendment) (England) Regulations 2008, HMSO, 2008

5. List of Appendices

None.

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THE EXECUTIVE

17 November 2009

REPORT OF THE CORPORATE DIRECTOR OF CHILDREN'S SERVICES

<p>Title: Proposed Change of Status for Dagenham Park Community School to become a Voluntary Controlled Church of England School</p>	<p>For Decision</p>
<p>Summary: The Executive needs to consider changes proposed in the organisation and structure of schools as designated by the provision of the Education and Inspections Act 2006.</p> <p>The Council together with the Diocese of Chelmsford has brought forward the proposal for Dagenham Park Community School to become a Church of England Voluntary Controlled School as they consider this will be in the best interest of the pupils.</p> <p>The school would aim to serve its community by providing an education of the highest quality within the context of Christian belief and practice. It would encourage an understanding of the meaning and significance of faith and promote Christian values through the experience it would offer to all its pupils.</p> <p>Also, the provision of a Church of England School will offer greater diversity and choice to parents as this will be the first Secondary Church of England School in the borough.</p> <p>Wards Affected: All Wards</p>	
<p>Recommendation(s)</p> <p>The Executive is asked to agree the proposal for the Change of Status for Dagenham Park Community School to become a Voluntary Controlled Church of England School with effect from 1 January 2010.</p>	
<p>Reason(s)</p> <p>To assist the Council to achieve its Community Priority of "Better Education and Learning for All"</p>	
<p>Implications</p> <p>Financial No specific financial implications arising from this change of status. The school will receive capital support for significant improvements to buildings as part of the Council's Building Schools for the Future (BSF) proposals in partnership with Partnership for School's acting for Department of Children, Schools and Families (DCSF).</p>	

Legal

Sections 15 (1) and 10(2) of the Education and Inspections Act 2006 is the legislation that allows the proposed Change of Status for Dagenham Park Community School to become a Voluntary Controlled Church of England School.

There will be changes in school governance as a result of these proposals but the school will remain a Council controlled community school. The consultation process is designed to support these changes.

If the proposal is agreed, the school will remain a Council controlled school. Governance changes internally will be required once the new status of the school is established.

The consultation process commenced on the 3 October and concludes on the 13 November. Officers will inform the Executive at the meeting of any objections received to the proposal.

Contractual

Therefore, the buildings and hard standing areas would be transferred under a Trust Deed to the Diocese to be the premises for the Controlled School, but to be returned to the Council in the event that they are no longer required for school purposes. The playing fields / grounds would remain in the ownership of the Council.

The admissions policy would continue to be determined and administered by the Council.

The new voluntary controlled school would also undergo a Section 48 inspection by the Diocese independent of the Council, on the character of the school.

Risk Management

The problems associated from a risk management perspective are that parents will exercise and express a preference for no change and the process which is being adopted has allowed for extensive consultation to take in views of not just current, but future parents and the local community. It should be noted that from the consultation carried out to date, there have been no negative comments.

Staffing

The Council continues to employ staff. This removes issues such as the Transfer of Undertaking Regulations and questions around staffing terms and conditions, pensions and union recognition.

Customer Impact

Currently the borough has no Church of England Secondary School; although there are two Church of England Aided Schools educating pupils in the primary age range with a combined five forms of entry (1,008 places) in the borough. This proposal would, therefore, offer parents and children in the primary sector the opportunity to carry on their education in a Church of England School into the secondary sector within the borough.

The Governors of the school see that the involvement of the Church of England Diocese of Chelmsford will support the ethos of the school and this in turn will give a coherence to the new school which will raise the standards since the staff, governors and pupils will be working together with a common ethos and philosophy as a Church of England Controlled School.

Regarding admissions to the new school, the Council would remain the admissions authority for the voluntary controlled school.

Further, the proposal responds positively to the requirements of the Office of the Schools Commissioner (OSC) to give parents the opportunity to express a preference for their children to attend different types of schools.

Safeguarding Children

No specific implications.

Crime and Disorder

There are no specific crime and disorder issues, but the Executive is asked to note:

Through BSF, as part of the re-design of the school, appropriate consultation will take place with design and security advisers to ensure that the new building to be procured through the BSF route is secure and links to community needs and adhesion.

Section 17 of the Crime and Disorder Act 1998 places a responsibility on local authorities to consider the crime and disorder implications of any proposals. In relation to this report it is proposed to support the new school in developing a new interface with the public

Property / Assets

The Council is obliged to provide the school site. The Council will have to transfer property, namely the buildings and hard standing areas under a Trust Deed to the Diocese to be the premises for the school, with a covenant that in the event that they are no longer required for school purposes they will revert to the ownership of the Council. The playing fields or other land will not be included in the Trust Deed transfer and these area will remain the property of the Council. This matter has previously been agreed by the Executive, Minute 24, at the meeting on 15 July 2008.

Options appraisal

Various options for the future of the school has been considered in accordance with legal advice received and discussion with Governors and the Diocese but following consultation, it is recommended that the Change of Status of the School to become a Voluntary Controlled Church of England School is the preferred option for the following reasons:

- Protection of Employment for Staff.
- The Council continues to regulate admissions.
- The Council continues to carry out school standards inspections, but not on the character of school issues.
- The property situation is simplified.
- Flexibility for the future.

Further that the DCSF have asked that the Governors consider the status of the school being moved to Voluntary Aided for September 2011, and this will be the subject of further consultation.

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1. Background

- 1.1 As part of the Building Schools for the Future (BSF) Strategy for Change (SfC) it was agreed to develop the possibility of Dagenham Park Community School becoming a school with a religious character. Discussions were initially held with the School Governors and the Director of Education at the Church of England Diocese of Chelmsford. This would support further opportunities by providing greater choice and diversity for pupils. There are currently a number of children who are registering to go to St Edward's Comprehensive School in Havering.
- 1.2 This change would require that all buildings and hard standing area currently designated for use by the Dagenham Park Community School would need to be invested in a trust or charitable foundation, but to be returned to the Council in the event that they are no longer required for school purposes.
- 1.3 Members were consulted through the Executive on 15 July 2008 of this proposal and wanted to support this opportunity (*Minute No. 24 refers*).

2. Current Position

- 2.1 An application to request a Notice be published for a new Voluntary Controlled Church of England School without running a competition under Section 10 of The Education and Inspections Act 2006 was submitted to the Secretary of State and his consent has been obtained in order to publish a proposal.
- 2.2 The Notice was published on 3 October 2009 detailing the proposal to close Dagenham Park Community School on one day and reopen the school as a voluntary controlled school on the following day.
- 2.3 Following publication of the Notice, a representation period of six weeks was allowed for any objections to be brought forward.
- 2.4 A decision must then be made by the Council within two months of the end of the representation period before the proposal can be implemented.
- 2.5 All pupils currently at Dagenham Park Community School would transfer onto the roll of the proposed new voluntary controlled Church of England School. Admission may also be sought to other schools which have places available.

- 2.6 Special Educational Needs (SEN) provision at the school being closed will transfer to the new school so that there is continuity in SEN provision between the closing school and the proposed new school opening on 1 January 2010.
- 2.7 The new school will continue to:
- Primarily serve children residing in Barking and Dagenham, and
 - Encourage neighbourhood pupils from William Ford Church of England Junior, Beam Primary, Thomas Arnold Primary and Marsh Green Primary Schools to attend the school.
- 2.8 The proposed school would have a Church of England religious character and the proposer intends to ask the Secretary of State to designate the school as a school with such a religious character.
- 2.9 Also, the school is proposed to have an art specialism and the proposer intends to apply to the Secretary of State to be a specialist school from implementation.
- 2.10 Any extended services offered by the closing school will continue in the same way onto the new school.
- 2.11 The new school would continue to cater for pupils between the ages of 11 and 19 and provide places for 1,470 boys and girls, 270 places will be for sixth form pupils. The admission number for the school on the opening date will be 220.
- 2.12 The admission arrangements will remain with the Council as they currently are for Dagenham Park Community School and all other maintained schools in the Borough.

3. Consultation Process

- 3.1 Wide consultation has taken place with over 9,000 letters sent out and several meetings which has produced no substantive objections to change of status.
- 3.2 As part of the consultation process, special consultation meetings of the Governing Body of the school were held on 17 December 2007 and 21 January 2008 at which the Governors received information about what a change in status of the school to become voluntary controlled would mean. Those also present at the meeting were Council representatives including the former Director of Children's Services (Roger Luxton), the Director for Education of Children's Services for the Diocese of Chelmsford and the Project Director for Building Schools for the Future.
- 3.3 Letters were sent to parents, carers and guardians of pupils, staff and Governors of Dagenham Park Community School and to the Head Teachers of several primary schools informing them of the proposal to change the status of the school and the benefits this would bring.
- 3.4 The Council has published a formal Notice to change the current school's status with effect from the start of the Spring Term – 1 January 2010 with a standard admission number of 220 pupils in each year group. The Notice was published in the local press on 3 October 2009 and copies of the Notice were displayed in

Barking Library and Dagenham Park Community School. The Notice period expires on 13 November 2009. To date no responses have been received to this Notice.

4. Responses to the Consultation Process

- 4.1 The consultation process is currently ongoing and questions raised are being responded to accordingly.
- 4.2 Letters were sent to parents / guardians of pupils at Dagenham Park School on 2 December 2008.
- 4.3 Letters were also sent to the feeder schools of Dagenham Park School on 6 January 2009 from which forty seven responses were received. Most of the comments received from this letter were with regards to:
- Whether priority would be given to children from a Church of England background?
 - Whether children of other faiths would be admitted to the school?
 - What would the admissions process be?
 - Will the standard of education improve?
 - Would there be regular acts of Church of England worship at the school?
- 4.4 There were no substantial objections to the proposal although for a small number of parents there was an indication that they would need to consider whether they would want to allow their child to continue at Dagenham Park Community School.
- 4.5 Please see attached **Appendix A** for a summary of the consultation process and the responses received.

5. Implications

- 5.1 Technically the proposal involves closing Dagenham Park Community School with effect from 31 December 2009 and opening the new Voluntary Controlled School on 1 January 2010. All pupils on the school roll of Dagenham Park Community School as at the end of the Autumn Term 2009 will transfer onto the roll of the new Voluntary Controlled School on 1 January 2010.
- 5.2 The change in status to become a Voluntary Controlled School means that the LA retains a number of responsibilities including determining admission arrangements. There will be involvement from the Church of England to support the school. School staff will remain employees of the Council.
- 5.3 The change to Voluntary Controlled will bring in a new category of governor (Foundation Governors), and the number of Council and Community Governors will be reduced. The governing body will need to agree a new Instrument of Government which sets out the number in each category in line with guiding principles.
- 5.4 The Diocese has appointed two Foundation Members and there will be between one to three Church of England Governors who will represent the Diocese on the Board.

- 5.5 An interim governing body has been established to focus on the Change of Status of the school. This governing body will determine a new Instrument of Government in accordance with the 'Education School Governance (Consultation)(England) Regulations 2003' of the new permanent Governing Body ready for when the new school is set up.
- 5.6 Once the Council has made a decision on the proposal, the Governing Body must be reconstituted within three months of the implementation date i.e. by 31 March 2010.
- 5.7 Section 20 of the Education Act 2002 stipulates that each school shall have an Instrument of Government and that the name of the school shall be that which is described in the Instrument of Government.
- 5.8 The responsibility for deciding the name of the school falls to the Governing Body of the school rather than the Council. If the Governing Body wishes to change the name, they should ensure that it does not mislead people about the type of education provided at the school.
- 5.9 Through their ethos and curriculum, the school can promote discussion of a common sense of identity and support diversity, showing pupils how different communities can be united by shared values and common experiences.
- 5.10 Other benefits seen in this proposal include:
- Establish a successful partnership of the Council and the Church of England working together to serve the best interest of the community;
 - Raise standards by working together to raise standards, extended schools objectives e.g. community use of school assets;
 - Deliver greater diversity in education to the highest standard.
 - Create educational opportunities for local children and people;
 - Establish a school following the mainstream tenets of the Anglican faith with school assemblies and acts of worship balanced with respect for other traditions and cultures with understanding that from time to time students may choose not to participate for cultural or religious reasons in some faith activities.
 - The school would become registered as a charitable institution and there could be some funding opportunities that they could draw upon.
 - The new school will support the current primary schools in the Borough for which we have no future provision to meet the needs of parents whose children have traditionally studied in an environment that supports the religious ethos of the Church of England.
- 5.11 Following the school's change of status any current extended school services offered by Dagenham Park Community School will continue in the same way, unless the school decides otherwise.
- 5.12 Hence, the London Borough of Barking and Dagenham has an opportunity to expand the number of Church of England schools provided to the community. Dagenham Park Community School is a good choice as the neighbouring junior school is a Church of England school and the transformation of Dagenham Park Community School would provide students with the option of attending a local Church of England school.

- 5.13 The school will still be controlled by the Council but will take on Church of England values. These values come from the Gospel Values and are made up of principles such as compassion, hope, courage, fairness, truth and respect.
- 5.14 The provision of a Church of England School will offer greater diversity and choice to parents, as this will be the first Secondary Church of England School in the Borough. This will support the existing primary school Church of England provision in the Borough.

6. Links to Corporate and other Plans and Strategies

- 6.1 This proposal forms part of the BSF Strategy and the preparation of our Strategy for Change. It also links with the Children and Young People's Plan and The Council Plan.

7. Consultees

The following have been consulted in the preparation of this report:

Councillors

Cllr R Gill, Cabinet Member for Education and Children's Well-Being
Cllr L Smith, Ward Councillor
Cllr PA Twomey, Ward Councillor
Cllr IS Jamu, Ward Councillor

Chief Executive's Group

Rob Whiteman, Chief Executive

Adult and Community Services

Anne Bristow, Corporate Director of Adult and Community Services

Children's Services

Helen Jenner, Corporate Director of Children's Services
Jane Hargreaves, Head of Quality and School Improvement

Customer Services

David Woods, Corporate Director of Customer Services

Resources

Bill Murphy, Corporate Director of Resources
Tracie Evans, Interim Divisional Director, Corporate Finance
Yinka Owa, Legal Partner, Procurement, Contracts, Property
Fiona Taylor, Legal Partner, Safeguarding and Partnership Law
Shenis Hassan, Group Manager, Children's Services Finance

8. Background Papers Used in the Preparation of the Report:

- Legislation which allows this – Education and Inspections Act 2006.
- Consultation Letters dated 2 December 2008 and 6 January 2009.
- Notice Published 3 October 2009.
- Report to Executive dated 15 July 2008.

- Memorandum of Understanding.
- DCSF Guidance:
 - Closing a maintained mainstream school
 - Guide for people wishing to set up a new school outside of a competition
 - Making changes to a maintained mainstream school

9. List of appendices

Appendix A: Responses to Consultation Letter re Dagenham Park Change of Status

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CONSULTATION PROCESS RE DAGENHAM PARK PROPOSED CHANGE OF STATUS

SCHOOL	COMMENT	INTERESTED IN ATTENDING A MEETING	
		Yes	No
Response to letter sent 2 December 2008 to Dagenham Park parents/guardians			
Dagenham Park	<i>Phone query: Wanted to know why, as they lived close to Sydney Russell School, their child would be sent to Dagenham Park</i> Response: Advised that this was purely a consultation exercise of those schools who had in the past had pupils go to Dag Park. Assured caller that they could still express a preference for their child at age 11.		
Dagenham Park	<i>Phone query: Advised that as they were atheists they didn't want their child going to a Church School</i> Response: Explained as above and reassured them this didn't affect their parental preference for their child at age 11		
Dagenham Park	What is a Voluntary Controlled School?	✓	
Responses to letter sent 6 January 2009 to feeder schools of Dagenham Park (Beam, Hunters Hall, John Perry, Marsh Green (?), Parsloes, Thames View Jun, The Leys, Thomas Arnold, William Ford, Village)			
Thomas Arnold	No comment		✓
Thomas Arnold	How soon would this happen? What effect will this change of status have on the academic performance of Dagenham Park School?	✓	
Thomas Arnold	No comment	✓	
Thomas Arnold	No comment	✓	
The Leys	No comment		✓
The Leys	Why are they changing the school into a Church of England School? That means priority of children who will be attending will be from Church of England background. Are they going to change activities? Is it going to be from 'O' and 'A' Levels? How soon is it going to start?	✓	

SCHOOL	COMMENT	INTERESTED IN ATTENDING A MEETING
Responses to letter sent 6 January 2009 to feeder schools of Dagenham Park (Beam, Hunters Hall, John Perry, Marsh Green (?), Parsloes, Thames View Jun, The Leys, Thomas Arnold, William Ford, Village)		
William Ford	No comment	✓
William Ford	No comment	✓
William Ford	No comment	✓
William Ford	No comment	✓
William Ford	How will these changes affect my child's learning	✓
William Ford	No comment	✓
William Ford	How will children from Catholic/ Methodist families be evaluated in the admission process?	✓
Marsh Green	No comment	✓
Marsh Green	No comment	✓
Marsh Green	No comment	✓
Marsh Green	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	Will there be fees to enrol? Will the class size be reduced from current levels? Will this improve the standard of education?	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	This is a welcome development. We hope it will help to redeem the image of the school and improve performance.	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓

SCHOOL	COMMENT	INTERESTED IN ATTENDING A MEETING
Responses to letter sent 6 January 2009 to feeder schools of Dagenham Park (Beam, Hunters Hall, John Perry, Marsh Green (?), Parsloes, Thames View Jun, The Leys, Thomas Arnold, William Ford, Village)		
Not known	I have nothing specific, but I think it would be a great idea and an improvement to the school/Borough.	✓
Not known	No comment	✓
Not known	<ul style="list-style-type: none"> ▪ Exactly when will the change happen? ▪ What are the changes? ▪ How will it help the pupils' achievement? 	✓
Not known	No comment	✓
Not known	No comment	
Not known	<ol style="list-style-type: none"> 1 When will this proposed change happen? 2 Will the school take children from other faiths, or will priority only be given if you are of Christian background? 3 The investment – will it improve results? There is no point building sports halls and better catering facilities if there is lack of discipline and teaching is poor. 4 Will all the teaching be done in the school, rather than the shared learning in other schools? 5 Can something be done regarding the loitering children, smoking etc? 	✓
Not known	<ul style="list-style-type: none"> ▪ As a VC Cof E School, which church/place of worship would the school have a close relationship for acts of worship/ celebration? ▪ Would any admission criteria change? (ie would you have to be a regular church goer for the child to be offered a place or would you need a letter of reference from a vicar etc?) ▪ Would staff change? ▪ Would there be regular acts of C of E worship at the school itself? (assemblies with an emphasis on praise and prayer)? 	✓
Not known	No questions, but would like to say I think it's a great idea. We do not have enough input from the Church of England in the area to teach children the benefits of a Christian belief.	✓

SCHOOL	COMMENT	INTERESTED IN ATTENDING A MEETING
Responses to letter sent 6 January 2009 to feeder schools of Dagenham Park (Beam, Hunters Hall, John Perry, Marsh Green (?), Parsloes, Thames View Jun, The Leys, Thomas Arnold, William Ford, Village)		
Not known	Why change the name? Also what about the uniform? I have another daughter in the Dagenham Park Base and she is happy there, so I think if they change the name I would pull her and she won't go to any other school in the borough. I am not happy with it myself and why change the name now and not September when pupils go back?	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	No comment	✓
Not known	Changing the name of the school or the status of the school will not change the reputation of the school. You would need to change: (a) academic performance needs to be improved (b) students' behaviour in school and outside school needs to be improved (c) perhaps a new or stronger Head Teacher (d) bringing in Christian values is important. If the school becomes voluntary aided are things going to change, ie academics, behaviour etc?	✓

Summary:

- **47* responses received (letter sent all DP parents [total unknown] and 4055 sent to feeder schools)**
* Includes 2 telephone enquiries
- **25 were interested in attending a meeting**
- **20 were not interested in attending a meeting**

THE EXECUTIVE

17 November 2009

REPORT OF THE CORPORATE DIRECTOR OF RESOURCES

Title: Budget Monitoring Report September 2009-2010	For Decision
<p>Summary:</p> <p>The report updates the Executive on the Council's revenue and capital position for the period April to September of the 2009/10 financial year.</p> <p>The current forecast for revenue expenditure across the Council has identified that three departments are projecting in-year pressures amounting to over £3m (Adults and Community Services £1m, Children's Services £1.7m and Customer Services £0.6m). The most significant areas of overspend relate to expenditure on transition arrangements within the Adult Services Learning Disability, transport services for children with Special Educational Needs (SEN), Looked after Children Placements and in meeting the Council's Leaving Care responsibilities and the Barking and Dagenham Direct service.</p> <p>In light of the current potential overspend the Chief Executive has asked each department to prepare recovery plans to eliminate these overspends.</p> <p>For the Housing Revenue Account (HRA) the forecast is that the year end working balance will be £2.3m which includes an in year contribution to balances of £2.2m.</p> <p>In regard to the Capital programme, the current projection is that the year-end outturn position will be £100.9m against a working budget of £111.7m. Directors are currently reviewing the delivery of individual capital schemes to ensure maximum spend within budget is achieved by the year end, and where any re-profiling is required this will be presented to the Executive in the December Budget Monitoring report.</p> <p>Wards Affected: This is a regular budget monitoring report of the Council's resource position and applies to all wards.</p>	
<p>Recommendations</p> <p>The Executive is asked to:</p> <ol style="list-style-type: none"> 1. note the current position projected position for 31 March 2010 of the Council's revenue and capital budget (sections 3 and 5 of the report and Appendix A and B); 2. note the position for the HRA (section 4 of the report); 3. note that in light of the current potential overspend, the Chief Executive has asked each department to implement as a matter of urgency recovery plans to eliminate these overspends; 4. note the prudential indicators for April to September 2009 (section 6 of the report and Appendix C); and 5. note the first quarter financial health indicators (section 7 of the report and Appendix D) 	

Reason

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

Implications:**Financial:**

The overall revenue budget is indicating potential budget pressures in all of the Council's service departments totalling £3.2m against general fund balances at the start of the financial year of £3.7m. Where pressures exist Corporate Directors are required to identify and implement the necessary recovery plans to alleviate these pressures to ensure the level of balances is maintained.

The capital programme is projected to outturn at £100.9m against the working budget of £111.7m.

Legal:

There are no legal implications regarding this report.

Contractual:

No specific implications

Risk Management:

The risk to the Council is that budgets are overspent and that this reduces the Council's overall resource position. Where there is an indication that a budget may overspend by the year end the relevant Director has been required to review the Departmental budget position to achieve a balanced position by the year end.

This has involved the need to produce a formal action plan to ensure delivery of a balanced position for approval and monitoring by the Resource Monitoring Panel and the Executive.

Similarly, if there are underspends this may mean a lower level of service or capital investment not being fully delivered. Specific procedures and sanctions are in place through the Resource Monitoring Panels, Capital Programme Management Office (CPMO), Corporate Management Team and the Executive.

Staffing:

No specific implications

Customer Impact:

No specific implications

Safeguarding Children:

No specific implications

Crime and Disorder:

No specific implications

Property/Assets:

No specific implications

Options Appraisal:

No specific implications

Head of Service Jonathan Bunt	Title: Corporate Financial Controller	Contact Details: Tel:020 8724 8427 E-mail: jonathan.bunt@lbbd.gov.uk
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1. Background

- 1.1 It is important that the Council regularly monitors its revenue and capital budgets to ensure good financial management. It is now practise within the Council for this monitoring to occur on a regular monthly basis, which helps members to be constantly updated on the Council's overall financial position and to enable the Executive to make relevant decisions as necessary on the direction of both the revenue and capital budgets.
- 1.2 The report is based upon the core information contained in the Oracle general ledger system supplemented by detailed examinations of budgets between the budget holders and the relevant Finance teams to take account of commitments and projected end of year positions. In addition, for capital monitoring there is the extensive work carried out by the Capital Programme Management Office.
- 1.3 The monthly Resource Monitoring Panels (RMP), chaired by the lead member for finance, and attended by Directors and Heads of Service, monitors the detail of individual departments' revenue and capital budgets alongside relevant performance data and this also enhances and forms the basis of this report.
- 1.4 At 1 April 2009 the General Fund reserve (after audit adjustments) was £3.7m. The current forecast for the revenue budget indicates that there will be an in-year overspend of £3.2m. This would result in the General Fund reserve being reduced to £0.5m by the end of the year.

2. Current Position

2.1 Overview for Revenue Budget

- 2.1.1 The current forecast across the Council in respect of its revenue budget has identified that three departments (as opposed to four in August) are projecting in-year pressures as detailed in the table below:

	September Forecast	August Forecast
	£'000	£'000
<u>Service Expenditure</u>		
Adult and Community Services	1,000	1,000
Children's Services	1,700	1,100
Customer Services	631	821
Resources	(104)	1,114
Total Service In-Year Pressures	3,227	4,035
Other	0	0
Total In-Year Pressures	3,227	4,035

- 2.1.2 Details of each Department's current financial position are provided in Section 3 of this report. In light of the current potential overspend, the Chief Executive asked

each department to prepare as a matter of urgency a recovery plan to eliminate these overspends. Details of these recovery plans are provided in Section 3 of this report.

3. Service Position

3.1 General

3.1.1 Details of each Department's financial position and the work being undertaken by Corporate Directors and their management teams to ensure a balanced budget is produced for the year end are provided in this section of the report.

3.2 Corporate Issues

3.2.1 Building Schools for the Future

A revenue pressure of approximately £1m exists in 2009/10 relating to the Building Schools for the Future project.

In order to manage this pressure, the Director of Children's Services and the Divisional Director of Strategic Asset Management and Capital Delivery need to take steps to identify funding and contain costs.

A base budget item has been included in the Medium Term Financial Strategy (MTFS) to address this issue in future years.

3.3 Adult's and Community Services Department

3.3.1 The Adult and Community Services budget position for 2009/10 is very challenging and the department is currently projecting a £1m overspend which has not changed since the last report to Executive. There are two main reasons for the current projection:

- pressures in the Learning Disability Service area with regards to Transitions arrangements from Children's Services (£500k);
- pressures with regards to Older Persons Residential Placements (£500k).

3.3.2 The department's management team has prepared a recovery plan to eliminate current overspends. The key elements of this are summarised below.

3.3.3 Adult Care Services

This area is primarily Older Persons Residential and Home Support provided by the remaining in-house services. It also includes the Passenger Transport Service and Sheltered Housing Support. The net budget for the area is £5 million. Budget and demand pressures are currently being experienced in Passenger Transport (of which 80% of the service is provided for and charged to Children's Services) and these will need to be carefully monitored and managed by the service.

3.3.4 Adult Commissioning Services

This service area represents the Social Work and Care Management budgets in the department together with services commissioned from the Independent and Private Sector. Service areas include Older Persons, Physical Disability, Learning Disability and Mental Health and the net budget for the area is £44m. The service has some challenging targets (£2m) in this area for 2009/10 around staffing and commissioning savings. Interface issues with the local hospitals and the PCT in

areas such as Delayed Transfers of Care are acute in this area and need to be carefully managed. Two pressures are currently being experienced in the service totalling £1m being:

- Transitions from Children's Learning Disability Services area due to the increasing number of children with care packages/arrangements turning eighteen (£500k);
- Interface issues with the local Hospitals and the PCT in areas such as Delayed Transfers of Care (£500k).

3.3.5 Community Safety and Neighbourhood Services

This service area includes CCTV, Community Safety, Parks Police and Security, Substance Misuse, Neighbourhood Management, Youth Offending Service and the Adult Safeguarding Team. The net budgets are £4m for this area, and the division is required to deliver staffing and service savings in 2009/10 of £500k. No significant budget pressures are being experienced at present.

3.3.6 Community Cohesion and Equalities

This service area covers Heritage and Archives, Library Services, the Barking Learning Centre, Community Development and Halls, Community Cohesion and Equalities and Diversity. The net budgets are in the region of £8m in this area. The division is required to deliver staffing and service savings in 2009/10 of £500k. No significant budget pressures are being experienced in this area at present.

3.3.7 Leisure and Amenities

This service area covers Leisure Centres, Parks Services and Arts and Events. The net budgets for the area are in the region of £7m. The division is required to deliver staffing and service savings in 2009/10 of approximately £600k. Whilst a balanced budget is being projected, the implications of the current economic climate may effect income generation across the division.

3.3.8 Other Services, Central Budgets, Recharges, and Government Grants

The Adult and Community Services Department receive specific government grants and incur recharges for departmental and divisional support. All specific grants will be used in support of existing service areas. Central budgets and recharges within the department are on target.

3.3.9 Recovery Plan

In order to eliminate the current overspends the Adult and Community Services Management team have agreed the following measures:

- Further reductions in the use of agency staff, overtime and vacancy management;
- Increased demand management procedures for all care provision;
- Review of Care Management care packages and arrangements;
- Tighter demand management procedures at interface with PCT / Acute Sector;
- Utilisation of existing Grants to fund existing services and exploration of slippage;
- Good housekeeping measures, including reductions in energy use and non-essential expenditure.

3.4 Children's Services Department

3.4.1 The Children's Services are currently projecting an overspend of £1.7m on General Fund budgets. This represents an increase of £0.6m since the last report. The main reasons for the current projection are:

- Increased transport costs for Children with Special Educational Needs (SEN) which is projected to overspend by £700k;
- Increased costs in the placements budget of £500k;
- Outstanding settlements and payments for external legal advice of £350k;
- Underachievement of proposed savings from review of the Emergency Duty Team amounting to £150k.

3.4.2 The General fund budget for 2009/10 has been set in the context of a net working budget of £52m which includes an additional £3.5 million of funding for Children's Placements and Leaving Care (less £480k repayment for the previous year's invest to save additions for higher in-house fostering rates) which acknowledges the increased levels of activity in this area. It is also set in the context of achieving £1.9 million of corporate savings and re-profiling £1.9 million of internal budget measures to address previous underlying financial difficulties.

3.4.3 Quality and School Improvement

The activities in the division are broadly equal between DSG and General Fund. The DSG includes work on direct support for children with special needs or pupils out of school, as well as admissions. The General Fund work tends to be advice, inspection and support for schools, as well as transport costs for individual children.

The Authority is required to provide transport for children with special educational needs (SEN) where their statement of SEN says so, and this forms the majority of the transport costs incurred by the Children's Services department (as well as transport for social care cases and pupils who have to travel more than the statutory minimum distances for home to school journeys). There was an overspend in this budget of £400k in 2008/09 and currently the service is projecting pressures of £600k in 2009/10.

The financial pressure has arisen due to a combination of reasons including an increase in the numbers of children who are eligible for transport assistance from 429 in January to 486 in September, a delay in the procurement of new leasing arrangements and the increase in demand in the hiring of much more costly vehicles.

The department is working hard to mitigate these pressures and identify long term solutions including:

- collaborative work between officers in both Children's and Adults Services in reviewing the costs, the policy and how to improve efficiencies to reduce the costs;
- tendering to procure a transport service from the voluntary sector for 80 travel assistance places. It is anticipated this will produce unit cost savings in the range of £200k to £400k in a full financial year (part year savings for 2009/10 from November 2009 could be in the range of £83k to 150k);

- assessing the needs of the children to determine if other support can be given to children to support independence and travel assistance, for example direct payments, and to review what is included in statements of special educational need;
- A value for money review is currently taking place within Customer Services but it is not anticipated that the review will have a full impact until 2010/11.

3.4.4 **Integrated Family Services**

Much of the work of the Shared Services and Engagement division is either funded from SureStart Grant or from the DSG, with only around £1m of the total funded from the General Fund. There are not anticipated to be major variances at this stage.

3.4.5 **Safeguarding and Rights**

The main budget issue is that of the cost of Looked After Children placements and Leaving Care costs. These budgets are kept under close review and the first quarterly review for 2009/10 showed there are some good signs in the recent position. For instance, there has been an increase in capacity of in-house foster care, invest to save initiatives continue to support the position and there are fewer private, voluntary and independent foster cases than in 2008/09. The size of the budget problem faced by Children's Services is significantly lower than that reported in previous years. The potential for volatility in this budget has, however, not gone away, and officers are projecting that if admission numbers remain as they are there would be an overspend of £600k during 2009/10. Funding was increased for 2009/10 in line with the expected position in the autumn, but this continues to be a volatile budget and the position could still change further during the year.

Pressures are also being experienced relating to external legal costs for safeguarding and rights cases outstanding at the time of the introduction of the Council's internal provision for legal services which commenced prior to the start of the financial year. As some cases were ongoing at this time it was considered appropriate for the external providers to conclude the outstanding cases. Service managers have agreed to transfer all remaining outstanding cases from external solicitors to the Council's legal service by 31 December. It is anticipated that legal costs will overspend by £350k.

A final area of concern within this service area is the Emergency Duty service. Proposed savings from a review of this service are not likely to be achieved in year. This will result in an overspend of £150k.

3.4.6 **Children's Policy and Trust Commissioning**

The catering service is accounted for in the DSG, and the Youth Service and the Policy and Commissioning elements are within the General Fund. While catering continues to require a subsidy, currently there are no other expected variances in this division.

3.4.7 **Skills Learning and Employment**

This service (including the Adult College, training and 14-19 services) has been transferred from the former Regeneration department and there are not currently any expected variances.

3.4.8 **Recovery Plan**

In order to eliminate the projected overspend the Departmental Management team have proposed the following actions:

- All expenditure on recruitment, publications, standards fund and internal resources subject to Director / Head of Service authorisation;
- Approach the School Forum for additional contribution from schools for services provided by the Council;
- Service review for Transport to provide possible savings from value, efficiencies, revised policy and a re-assessment of need.
- Implement recommendations from service review of the School Improvement Service;
- Review the service grant register to ensure funding opportunities have been maximised;
- Identify and exploit any procurement, commissioning and partnership opportunities.

3.4.9 **Schools**

Schools budgets are mostly funded from the Dedicated Schools Grant (DSG), with any delegated budgets able to be carried forward at year end. There are currently two schools that are in financial difficulties (Warren Comprehensive and Eastbrook Comprehensive) and work is in progress to develop robust recovery plans. In view of the ongoing review of the DSG by the Department of Children, Families Schools to be announced in the autumn of 2010, and the announcement by the Government to review schools balances with a review to clawing 5%, there is a need to have a robust overview of the commitments and pressures currently made on the DSG.

3.5 **Customer Services Department**

3.5.1 The Department's net budget for this year is £24.4m. The department is currently projecting an overspend of £631k, an improvement of £190k since the last report, which is mainly within the Barking and Dagenham Direct service as a result of higher levels of expenditure than originally anticipated on employees expenses and supplies and services. This position is being addressed by management through the preparation of a recovery plan and implementing action to contain the overspend over the coming months.

3.5.2 The Department has undergone a comprehensive budget review to realign budgets to services based on current service provision. This exercise was completed in June 2009 and has been fundamental in delivering the savings targets for 2009/10, the redistribution of budgets within service areas and identifying opportunities for future business development.

3.5.3 **Environment and Enforcement**

The division is projected to overspend by £65k against a budget of £22.2m. There are a number of service areas within the division that are projected to overspend, however these are being contained generally by savings in other service areas.

The main pressures are within the Parks Operations (£251k), Highways (114k), Enforcement (£80k) and Frizlands depot (£70k) and reflect the cost of using agency staff to support the service and marginally increased running costs.

The Division has implemented robust action plans to contain the overall overspend which incorporate projected underspends in other areas including Cemeteries, Land Drainage and Safe and Sustainable transport.

The division's budget monitoring risk register has identified areas that need to be monitored closely during the remainder of the year including:

- a) The vehicle fleet procurement project which is scheduled to be completed in November 2009;
- b) The use of fuel and other type of natural energy;
- c) Trade waste income.

The Division has taken steps to reduce the number of temporary staff used across service areas. This approach will continue throughout the remainder of 2009/10 to ensure that services are contained within budgets.

The division is also responsible for the Building Control Service, which under the Building Control (Local Authority Charges) regulations 1998 is required to break even against its chargeable services over a three year consecutive period. As at the end of the financial year 2008/09, the service had operated at a deficit over the last 3 year period and as a result the division is currently producing a recovery plan to bring the account back into surplus.

3.5.4 Barking and Dagenham Direct

The service is currently forecast to overspend by £517k due to overspends on Employees costs, as the department relies on the use of agency staff in filling the vacant posts. This area is currently under review and the plan is to reduce this significantly over the remainder of the year. Further work is being completed on the impact of the Mid Year Housing Benefit Subsidy claim and this has indicated that there is no significant change from the initial estimate. There is a robust action plan in place to ensure that the actual spend in this area is delivered within the budget allocation.

In the financial year 2008/09 the Barking and Dagenham Direct service received a sum of £2.4m from the Council's corporate contingency fund to assist in supporting the budget due to an accounting error that was identified. It is the intention of the service to ensure that the contingency funds are repaid to corporate finance within the previously agreed timeframe of four years.

The Head of Service for the department will ensure that the saving model that is agreed incorporates the repayment of these funds when they are submitted.

3.5.5 General Fund Housing

There are no material issues to report in General Fund Housing and the current projected overspend of £49k is expected to be contained within existing budgets.

3.6 Resources Department

- 3.6.1 The department has identified a number of pressures that are becoming difficult to contain within existing budgets including:

- Within the Strategic Asset Management and Capital Delivery Division there is an estimated shortfall of £165k arising from a combination of the delay in the introduction of staff car parking charging and a reduction in income from the Land Disposal Programme and cost pressures in the Civic Buildings area;
- The Regeneration and Economic Development Division have pressures of £128k arising from a shortfall in both Local Land Charges and planning application income due to the current economic position;
- The Legal and Democratic Services Division has identified a pressure in the Legal Services area where it has been necessary to engage additional locum lawyers to deal with a peak in demand.

The projected outturn position of an underspend of £104k for the Department reflects the decisions previously made by the Executive.

The Management Team has introduced a number of actions across the department to continue to reduce the projected outturn position. These include a recruitment freeze on non-essential posts and a targeted reduction on expenditure on supplies and services of £250k.

3.6.2 **Corporate Director of Resources and Business Support**

This budget includes the costs for the Director, Business Support, One Barking and Dagenham and some of the Area Based Grant (ABG) expenditure which will be incurred within the department.

The budget also includes an invest to save project for strategic partnering arrangements for back office support services.

The overall budget is currently projecting an underspend of £490k which is due to targeted reductions in the supplies and Area Based Grant budgets and income arising from the Council's agency contract.

3.6.3 **Strategy and Performance**

The division is central to the Council developing and delivering a framework that supports, challenges and ensures the Council is an excellent organisation. Its specific functions include Performance, Innovation, Policy, Partnerships, Marketing and Communications.

This division is also responsible for the production and distribution of the Council wide newspaper 'The News'. The first issue was produced at the end of May and will replace three publications which had been produced in previous years. The production of the newspaper does rely on significant income and recharges from external advertising and placing public notices in the 'The News'. If these income levels are not achieved then there will be a risk that an overspend may arise. This position is being monitored on an ongoing basis between the Marketing and Communications team and Finance. Due to there currently being a number of vacant posts within the division the overall projection is for this service area to underspend by £96k.

There are no other significant issues to report for this division.

3.6.4 **Legal and Democratic Services**

Due to an increase in demand for Legal Services work it has been necessary for the service to engage four additional locum lawyers within the in-house team. Employing locum lawyers in house is significantly more cost effective than passing work to external solicitors although it does mean that the Legal Services section will have to increase the level of its recharges in order to fully recover its costs in the current financial year. Before any additional recharges can be made agreements need to be made with the client budget holders. For prudent purposes, until agreement is reached the additional costs are being shown against the Legal Services budget resulting in a projected overspend of £200k.

Due to a freeze on recruitment there are some vacant posts within the Democratic Services part of the division which will remain vacant for the rest of financial year resulting in a projected underspend of £47k.

3.6.5 **IT and Transformation**

There are currently no issues to report for this division and early indications show that a balanced position will be achieved by year end. As with all the departments divisions, IT will be reviewing its expenditure on supplies and services in order to contribute towards the departmental targeted underspend on supplies of £250k.

3.6.6 **Finance**

This Division is currently finalising its new structure which will take into account the financial monitoring and support requirements of the four service departments and a need for a more strategic approach to financial support and management.

The division is currently projecting a small overspend which it will continue to work towards resolving.

3.6.7 **Human Resources**

The division is currently undergoing a reorganisation which will take into account a savings requirement for 2009/10 of £300k. There are a number of vacant posts within the division and as a consequence the delay in the implementation of the new structure has not resulted in financial pressures. Therefore, the required savings will be achieved and the division is currently projecting that a breakeven position will be achieved by the end of the financial year.

3.6.8 **Regeneration and Economic Development**

The current forecast projection is for an overspend of £128k. The main financial pressures arising are:

- Loss of Land Charges income £57k – due to adverse housing market conditions;
- Reduced other income £134k - e.g. planning application fees, Transport for London funding, etc. due to the difficult current economic climate;
- Overspend on supplies and services and contractors payments £127k.

These pressures are being partly offset by an underspend on salaries of £216k due to holding vacant posts.

3.6.9 **Strategic Asset Management and Capital Delivery**

The current forecast projection is for an overspend of £165k. The main financial pressures arising are:

- The loss of income arising from the lack of any disposal programme to generate transaction fees £185k;
- The decision to defer the charging of staff for car park permits £100k;
- Civic Buildings projecting to overspend by £78k due to increased charges for refuse collection.

There are however, a number of off-setting underspends including:

- Programmes and Projects is now projected to underspend due to vacancies in the first half of the year;
- An increase in the income from Commercial Properties;
- An estimated underspend in Public Buildings Leasehold Premises budgets;
- Vacancies in Innovation and Partnerships.

An action plan is in place to mitigate the overspend which includes the holding of vacant posts, the restructuring of the Asset Management area and the creation of a Central Maintenance Fund.

3.6.10 Interest on Balances

The current position on interest from investments is that these are performing to the budget target. A proportion of the Council's investments continue to be managed by two external investment managers and the Council's Treasury Management strategy has once again set stretching targets for these managers in 2009/10 which are being closely monitored by the Corporate Finance Division. An element of these investments require the use of investment instruments such as gilts to be used which require tactical trades to be undertaken. Inevitably there are risks and rewards with the use of such investment instruments and whilst the Council needs to continue to review the managers' performance it also needs to be aware that these potential risks/rewards do exist.

The position of interest on balances is also affected during the year by both performance and actual spend on the Capital Programme and the delivery of the Council's disposals programme. Any positive position arising in these areas may allow Council balances to increase. However, at the same time, any weakening of this position may lead to reductions in investment income.

4. Housing Revenue Account (HRA)

- 4.1 The HRA is currently projecting an in-year surplus of £2.2m mainly as a result of a decrease in the amount of negative subsidy and Housing Benefit Limitation payable, and the overall position can be summarised as follows:

Description	£000
Revised working balance - 1st April 2009	118
Projected in-year Surplus	2,241
Projected Working Balance - 31st March 2010	2,359

The projected in-year surplus of £2,241k is summarised in the table below:

Description	Budget	Projected Outturn	Variance
	£'000	£'000	£'000
Total Income	(90,830)	(88,952)	1,878
Supervision and Management	27,996	27,700	(296)
Repairs and Maintenance	23,982	22,805	(1,177)
Rent, Rates, Taxes and Other	524	465	(59)
Item 8 Calculation and Interest	(1,364)	(864)	500
Housing Benefit Limitation	504	100	(404)
HRA Subsidy	22,057	19,286	(2,771)
Depreciation	13,689	13,777	88
Bad Debt Provisions	746	746	0
Democratic Core	811	811	0
Capital Expenditure funded by Revenue	1,885	1,885	0
Total	0	(2,241)	(2,241)

- 4.2 There are some areas that will need to be monitored closely over the coming months including:
- With the reduction in the Bank of England base rates the interest on balances may underachieve in 2009/10. This area is under review but the shortfall could be as much as £500k;
 - The downturn in the economy will place an emphasis on the Council to maintain rent collection levels as high as possible. A 0.1% fall in collection levels is equivalent to £70k reduction in income;
 - The Council agreed in February 2009 to pass on rent savings to tenants following the announcement from the Housing Minister to reduce rents. This has resulted in a reduction of £2.1m in rental income however will be met by a £2.1m reduction in negative subsidy;
 - The Council has set the repairs and maintenance contractor the challenge to reduce the cost in 2009/10 by £1m. The department will continue to monitor this throughout the year to ensure the target underspend is achieved;
 - The HRA contributes an annually amount into the Council's Insurance Fund. The HRA element of the fund has reached £1.2m at the end of 2008/09 and this provides adequate protection to the HRA in 2009/10. The HRA therefore has identified savings of £650k in 2009/10 as the contribution earmarked for this fund.

5. Capital Programme

- 5.1 As at the end of September, the revised budget on the capital programme was £111.7m against an original budget of £69.7m. Since the original budget was set, budgets have been transferred from 2008/09 into 2009/10 as set out in the February budget monitoring report, and further new schemes have been approved.

5.2 These new schemes fall into two categories:

- (a) Provisional schemes from the 2008/09 budget report that have now been successfully appraised by the Capital Programme Monitoring Office (CPMO); and
- (b) Schemes which have attracted additional external funding, and whose budgets have been increased accordingly.

Full details of the Capital programme are shown in Appendix B.

5.3 Actual spend as at the end of September was £30.7 million, which is 27% of the working budget. At this stage in the year, it is expected that the outturn will be £100.9m against the budget of £111.7m. However, this position will be subject to robust scrutiny to ensure that timetables and milestones can be adhered to, and that budgets are realistic. A review of the delivery of all capital projects is currently being undertaken, and where any re-profiling is required this will be presented to the Executive in the December Budget Monitoring report.

5.4 The completion of capital projects on time and on budget not only supports the Council's drive to excellence through its Use of Resources score, but will also ensure that the benefits arising from our capital projects are realised for the community as a whole.

6. Prudential Indicators

6.1 The Assembly at its meeting on 25 February 2009 agreed the Council's Prudential Indicators for 2009/10. The indicators are required to be set and regularly monitored by the Council to ensure capital investment plans of the authority are prudent, affordable and sustainable. The monitoring of these indicators take place on a quarterly basis, and the position at the end of the second quarter of the financial year, i.e. April to September 2009, is presented in Appendix C.

6.2 The Prudential Indicators as laid out in this report show the impact of capital investment decisions in the first quarter of 2009/10 compared to those figures agreed at the beginning of 2009/10.

6.3 These figures demonstrate that the capital programme has been put together taking into account the key principles of the CIPFA Prudential Code of prudence, affordability and sustainability.

7. Financial Health Indicators

7.1 The Audit Commission's Comprehensive Area Assessment (CAA) requires the Council to undergo an assessment into its Use of Resources (UoR).

7.2 One of the key themes within the UoR assessment is the need to evaluate the Council's position regarding its financial standing. A key line of enquiry requires Members to monitor key financial health indicators and set challenging targets for areas including, income collection, level of variance from budget, prudential framework indicators and capital programme management. Whilst the Council has a good track record of achieving these targets, it is appropriate that performance

against these targets is presented to the Executive on a regular basis. Attached at Appendix D is a list of the Council's significant health indicators for the period ending 30 September 2009.

8. Consultees

8.1 The following were consulted in the preparation of this report:

Councillor Bramley
Corporate Management Team
Group Managers – Finance
Capital Programme Management Office
Legal Partners - Winston Brown

9. Background Papers Used in the Preparation of the Report:

- Oracle reports
- CPMO reports

10. List of Appendices

Appendix A – General Fund Revenue Budget Monitoring Statement – September 2009

Appendix B – Capital Programme Budget Statement – September 2009

Appendix C – Prudential Indicators – April to September 2009/10

Appendix D – Financial Health Indicators – April to September 2009/10

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APPENDIX A

REVENUE BUDGET MONITORING STATEMENT - SEPTEMBER 2009

SERVICES	2009/10						
	Original Budget	Working Budget	Year to Date Budget	Actual to Date	Year to Date Variance - over/(under)	Forecast Outturn	Projected Variance - over/(under)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult & Community Services							
Adult Care Services	5,054	4,921	3,242	3,242	0	4,921	0
Adult Commissioning Services	43,682	43,658	25,473	25,973	500	44,658	1,000
Community Safety & Neighbourhood Services	3,652	3,702	1,542	1,542	0	3,702	0
Community Cohesion & Equalities	7,552	7,562	3,660	3,660	0	7,562	0
Leisure & Arts	6,473	6,551	2,582	2,582	0	6,551	0
Other Services	581	788	746	746	0	788	0
	66,994	67,182	37,245	37,745	500	68,182	1,000
Children's Services							
Quality & Schools Improvement	7,151	7,151	4,716	8,469	3,753	7,751	600
Integrated Family Services	752	752	320	(1,445)	(1,765)	752	0
Safeguarding & Rights Services	33,066	33,071	18,357	17,892	(465)	34,171	1,100
Children's Policy & Trust Commissioning	2,207	2,207	3,150	2,164	(986)	2,207	0
Skills, Learning and Enterprise	1,837	2,427	1,186	3,292	2,106	2,427	0
Other Services	6,986	6,986	3,598	5,944	2,346	6,986	0
	51,999	52,594	31,327	36,316	4,989	54,294	1,700
Children's Services - DSG							
Schools	(11,382)	(11,423)	(9,424)	10,063	19,487	(11,423)	0
Quality & Schools Improvement	7,417	7,458	3,729	2,237	(1,492)	7,458	0
Integrated Family Services	2,575	2,575	1,287	1,403	116	2,575	0
Safeguarding & Rights Services	578	578	289	262	(27)	578	0
Children's Policy & Trust Commissioning	587	587	293	1,725	1,432	587	0
Other Services	225	225	112	(39)	(151)	225	0
	0	0	(3,714)	15,651	19,365	0	0
Customer Services							
Environment & Enforcement	21,369	21,888	10,944	10,884	(60)	21,953	65
Housing Services	843	1,008	504	1,625	1,121	1,057	49
Customer Services Strategy	(98)	(283)	(142)	46	187	(283)	0
Barking & Dagenham Direct	2,268	1,799	10,899	11,328	428	2,316	517
	24,382	24,412	22,206	23,882	1,676	25,043	631
Resources							
Chief Executive	(4)	(4)	(2)	6	8	(4)	0
Director of Resources & Business Support	477	497	249	759	510	7	(490)
Strategy & Performance	(86)	(36)	(18)	(51)	(33)	(132)	(96)
Legal & Democratic Services	727	777	388	574	186	930	153
Corporate & Strategic Finance	63	454	52	239	187	490	36
ICT & eGovernment	(347)	(347)	(174)	22	196	(347)	0
Human Resources	(290)	(200)	(100)	511	611	(200)	0
Strategic Asset Management/Capital Delivery	376	329	165	3,723	3,558	494	165
Regeneration & Economic Development	3,151	3,401	1,576	3,120	1,545	3,529	128
Corporate Management	5,757	5,454	2,727	2,310	(417)	5,454	0
	9,824	10,324	4,862	11,213	6,351	10,220	(104)
General Finance	(11,181)	(11,894)	(5,947)	(10,702)	(4,755)	(11,894)	0
Contingency	1,500	900	450	0	(450)	900	0
Levies	7,646	7,646	3,808	3,808	0	7,646	0
TOTAL	151,164	151,164	90,237	117,913	27,676	154,391	3,227

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CAPITAL PROGRAMME 2009/2010

SUMMARY OF EXPENDITURE - SEPTEMBER 2009

<u>Department</u>	<u>Original Budget (1)</u>	<u>Revised Budget</u>	<u>Actual to date</u>	<u>Percentage Spend to Date</u>	<u>Projected Outturn</u>	<u>Projected Outturn against Revised Budget</u>	<u>Projected Outturn Variation against Original Budget</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>%</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Adult & Community Services	25,850	27,010	4,292	16%	16,684	(10,326)	(9,166)
Children's Services	7,809	26,255	6,191	24%	25,169	(1,086)	17,360
Customer Services	25,493	31,233	15,247	49%	33,705	2,472	8,212
Resources	10,597	27,204	4,974	18%	25,341	(1,863)	14,744
Total for Department Schemes	69,749	111,702	30,704	27%	100,899	(10,803)	31,150
<u>Accountable Body Schemes</u>							
Resources	-	-	-	-	-	0	0
Total for Accountable Body Schemes	-	-	-	-	-	0	0
Total for all Schemes	69,749	111,702	30,704	27%	100,899	(10,803)	31,150

Note

(1) Excludes provisional schemes approved at Executive in February subject to achieving 'four green lights' from CPMO appraisal

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The Prudential Code for Capital Investment in Local Authorities

Prudential Indicators Second Quarter 2009/10

1. Introduction

- 1.1. The Prudential Code for Capital Investment commenced on the 1st April 2004. This system replaced the previously 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. The Code 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.
- 1.2. Within the 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. Since 1st April 2005, the Council's "prudential indicators" have been reported to the Executive on a quarterly basis as an appendix to the budget monitoring report. This ensures that members and senior officers are kept up to date with the financial implications of capital investment decisions on a regular basis.

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)

	2009/10	2010/11	2011/12
	£'000	£'000	£'000
HRA	18,079	17,862	13,500
General Fund	115,268	106,411	74,594
Total	133,347	124,273	88,094

- 3.2 Table 1 shows the current 3 year programme (2009/10 to 2011/12). These figures include projects that will be subject to appraisal before inclusion in the programme.

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 Financing costs are incurred based on the interest and repayment of principle on borrowing which are costs to the Council's general fund.
- 4.3 For the HRA there is 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 the following:
- Figures as at 30th September 2009 for 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)

	2009/10	2010/11	2011/12
	£'000	£'000	£'000
Net Revenue Stream			
HRA	87,116	87,116	87,116
General Fund	151,163	154,741	156,474
Financing Costs			
HRA	500	500	500
General Fund	3,023	6,118	7,470
Ratio			
HRA	0.57%	0.57%	0.57%
General Fund	2.00%	3.95%	4.77%

- 4.5 The net revenue streams for the HRA and the General Fund have not changed since the original budgets were set.
- 4.6 Financing costs take into account the cost of borrowing that falls on the revenue account, both in terms of interest payable, and also the minimum revenue provision for repayment of principle. Since the original budget was set, the financing costs for 2009/10 have risen slightly as a result of a number of schemes being carried forward into 2009/10 from 2008/09.
- 4.7 Financing costs in the HRA relate principally to the amount included in the budget to meet the revenue costs relating to the assumed borrowing.
- 4.8 Financing costs can also be shown with reference to their impact on Council Tax and Housing Rents. This shows the Council Tax burden for Band D from financing new capital schemes. This is set out in Table 3.

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

	2009/10	2010/11	2011/12
	£	£	£
For Band D Council Tax	58.95	119.32	145.69
For average Housing Rents	0	0	0

- 4.9 Any additional capital schemes added to the programme over and above the level included in the original budget for 2009/10 onwards will further reduce the investment income and increase borrowing costs for the general fund.
- 4.10 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 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)

	2009/10	2010/11	2011/12
	£'000	£'000	£'000
Housing Revenue Account (HRA)	(23,355)	(23,355)	(23,355)
General Fund	93,452	122,682	132,122
Capital Financing Requirement	70,097	99,327	108,767

- 5.3 The capital financing requirement as shown in table 4 takes into account the fact that in setting the capital programme budget for 2009/10 to 2011/12, the Council included a number of schemes which would require borrowing. The revenue impact of borrowing costs was at that time factored into the Council's medium term financial strategy.

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 has been set at £90m for 2009/10, in line with the Council capital programme requirements, which will require the Council to borrow during 2009/10. The authorised limit has been set at £100m which allows significant flexibility should the Council want to borrow for significant housing or regeneration projects (as a statutory limit, it is sensible for this limit to be set well above the expected level of borrowing).
- 6.3 **The Council has not exceeded the authorised limit up to 30th September 2009.** Actual borrowing as at 30th September was £50m. No investment decisions have been made that suggest that this limit will be breached in future.

Table 5: Authorised Borrowing Limits (Prudential Indicator)

	2009/10 £m	2010/11 £m	2011/12 £m
Operational Limit on Borrowing	90	115	120
Margin for Unforeseen Cash Flow Movements	110	85	80
Authorised Limit	200	200	200

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 is set out below:

a) Interest Rate Exposure

Indicator set:

In the short term, the Council will not be exposed to any interest rate risk since all its borrowing will be at fixed interest rates.

30th September position:

The Council was not exposed to any interest rate risk up to 30th September 2009.

b) Maturity Structure of Borrowing

Indicator set:

The purpose of considering the maturity structure of borrowing is to ensure that all borrowing does not mature at one point in time and that the risk is spread. As the Council builds up a debt portfolio, the maturities will be phased to ensure that this is the case.

30th September 2009:

	< 12 months	12 < 24 months	2 < 5 years	Over 10 years
Total Debt Maturing (£'m)	0	10	30m	20m
% of Total Fixed Debt	0%	0%	60%	40%
% of Total Variable Debt	0%	0%	0%	0%

(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.

30th September 2009:

The maturity structure of the Council's investments to the 30th September 2009 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 Prudential Indicators as laid out in this report show the impact of capital investment decisions in the second quarter of 2009/10 compared to those figures at the beginning of 2009/10.
- 8.2 These figures demonstrate that, while changes to the capital programme have had financial implications on the Council, they have been made having taken into account the key principles of the CIPFA Prudential Code of **prudence, affordability** and **sustainability**.

Key Financial Health Indicators to 30th September 2009

Revenue

<u>Financial Monitoring</u>	<u>2009/10</u> <u>Variance</u> <u>Projection</u>	<u>Current</u> <u>Budget</u>	<u>Projected</u> <u>Outturn</u>	<u>Quarter 2</u> <u>Variance</u> <u>Projection</u>	<u>Variance to</u> <u>2009/10</u> <u>Projection</u>	<u>Next</u> <u>Quarter</u> <u>Variance</u> <u>Target</u>	<u>Year end</u> <u>Variance</u> <u>Target</u>
	£m	£m	£m	£m	£m	£m	£m
Service Departments	0.0	154.5	157.7	3.2	3.2	0.0	0
Other Services	0.0	(3.3)	(3.3)	0	0.0	0.0	0
Total	0.0	151.2	154.4	3.2	3.2	0.0	0
<u>Narrative:</u>							
<p>Three departments of the council are reporting budgetary pressures. A number of action plans have been implemented to ensure that the Council achieves a balanced budget by the year end. The current adverse position at the end of Quarter 2 is not considered irreversible and consequently the Council is expected to be on budget by the year end. Full details of the September position is included in Section 3 within the main text of this report.</p>							

Key Financial Health Indicators to 30th September 2009

Revenue

<u>Income Collection</u>	<u>Target Collection Rate</u>	<u>Cash Equivalent</u>	<u>Actual Collection Rate</u>	<u>Cash Equivalent</u>	<u>Variance to Target Rate</u>	<u>Next Quarter Target</u>
Council Tax* NDR* Ctax Arrears* • prior years Rent Collection	55.00% 55.00% 21.00% 95.00%	£28.191m £28.111m £2.310m £71.522m	54.65% 55.61% 10.02% 97.05%	£28.011m £28.422m £1.102m £73.067m	(0.35%) 0.61% (10.98%) 2.05%	81.30% 77.00% 25.50% 95.00%
<u>Narrative:</u>						
<p>Council Tax collection did not achieve target by 0.35% but the collection rate at the end of September 2009 is 0.1% up on last year's performance for the end of September 08, in the current economic climate this is an achievement and we will continue to build on this. We are in the process of a BPRE review of Council Tax which we also hope will help increase the collection rate.</p> <p>We are also above the collection rate for 2008/09 for Business Rates as the new shared services arrangements have settled down.</p> <p>The calculation for rent collection is based on the calculation for BVPI66a, which is the indicator which was in use for all LA's, until 2007/08. This indicator is no longer a national indicator but we are using the same methodology for the Local Indicator.</p> <p>This shows that the collection rate is virtually identical to 2007/08 even taking into account the economic downturn, it is noted that the amount of former tenant arrears has almost doubled from last year due to abandonments and evictions.</p>						

Key Financial Health Indicators to 30th September 2009

Investments

	<u>Average Investment Balances</u> £m	<u>Benchmark Return</u>	<u>Actual Return @ Q2</u>	<u>Variance at Q2</u>	<u>Projected Year End Variation</u> £'000
Council in House team	48.5	2.00%	1.68%	-0.32%	0
External Fund Manager (1)	37.8	2.00%	0.94%	-1.06%	0
External Fund Manager (2)	23.4	2.00%	2.04%	0.04%	0
External Fund Manager (3)	15	2.00%	2.13%	0.13%	0
<u>Narrative:</u>					
The above statistics show investment statistics to the end of September 2009. Interest rates have fallen considerably in 2009/10 as a result of the economic downturn and action by the Bank of England, and this creates a significantly bleaker outlook for investment income. Sufficient allowance was made in the budget to account for this, and in relation to the lower projection (and as a result of good investment rates locked into before the economic downturn), returns are currently expected to achieve the benchmark return.					

Capital

<u>Capital Programme</u>	<u>Original Budget</u> £m	<u>Working Budget</u> £m	<u>Actual Spend @ Q2</u> £m	<u>Projected Spend</u> £m	<u>Variance to Working Budget</u> %	<u>Variance to Working Budget</u> £m
Capital Spend	70	112	30.7	101	9.82%	11
<u>Narrative:</u>						
Actual spend as at the end of September was £30.7m, which is 27% of the working budget. At this stage in the year, it is expected that the outturn will £100.9m against the budget of £111.7m, however, this position will be subject to robust scrutiny to ensure that timetables and milestones can be adhered to, and that budgets are realistic.						

Key Financial Health Indicators to 30th September 2009

Capital

<u>Prudential Indicators</u>	<u>Original Indicators @ 1/4/09</u>			<u>Revised Indicators @ 30/9/09</u>		
	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>
<u>Indicators</u>						
<u>Capital</u>						
Capital Expenditure (£'000)	£99,867	£122,852	£91,028	£133,347	£124,273	£88,094
Financing Costs						
- Ratio of HRA Financing costs to Net Revenue Stream	15.70%	15.50%	15.50%	0.57%	0.57%	0.57%
- Ratio of General Fund Financing costs to Net Revenue Stream	1.53%	4.03%	5.26%	2.00%	3.95%	4.77%
Impact on Band 'D' Council Tax	£45.00	£121.00	£160.00	£58.95	£119.32	£145.69
Impact on Average Housing Rent	£0	£0	£0	£0	£0	£0
Capital Financing Requirement	£70,532	£100,046	£111,136	£70,097	£99,327	£108,767
<u>Treasury Management</u>						
Operational Limit on Borrowing	£90m	£115m	£120m	£90m	£115m	£120m
Authorised Limit	£200m	£200m	£200m	£200m	£200m	£200m
<u>Narrative:</u>	<p>The capital expenditure indicator is showing an increase in the capital programme budget as a result of schemes being successfully appraised through the CPMO process. The remaining capital indicators look at the affordability of the capital programme, and at this stage of the year, there are no signs that this affordability will be different from that which was projected at the beginning of the year. The Treasury indicators look at the level of borrowing required to finance capital expenditure. As at the end of quarter 1, the projection is in line with budget.</p>					

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