

1. Council Plan

Introduction

Message from the Leader of the Council Cllr Liam Smith

Having been elected to serve as Leader of the Council, I am pleased to present Barking and Dagenham's Council Plan update for 2010-2011, which sets out our ambition and priorities. It describes the part that the Council will play in making the borough an even better place to live by building on our solid achievements.

Looking back over the past year there is a lot to celebrate, even though it has been one of the toughest years financially the Council and the borough has ever faced.

Despite the recession, the Council has pushed on with its ambitious plans to improve the place we live. A brand new swimming pool and state-of-the-art leisure centre is well underway at Becontree Heath, due to open in 2011. A new library and One Stop Shop – where residents can have their enquiries sorted out face to face with trained staff – will open in the Heathway in 2010.

Wheelie bins have been successfully introduced across the borough, helping to make Barking and Dagenham the cleanest I have ever seen it. And our Eyesore Gardens campaign, where we encourage homeowners to keep their front gardens clean and tidy, has already made a massive impact in south Dagenham, and will be rolled out to other wards soon.

2010 has also been a good year for our young and old, with free swimming being introduced for all under 18s, another successful year of Summer Sorted school-holiday activities, and the introduction of Street Base, an ambitious youth project designed to turn around perceptions of local young people by getting them involved in positive community activities. Meanwhile for pensioners, the Council has campaigned successfully to keep their Active Age Centres open, making sure older people have got the chance to get out, meet people and stay active.

All this has been on top of our decision to freeze Council Tax levels in 2009-2010, giving our residents a much needed financial break during these tough economic times.

But we certainly won't be resting on our previous achievements, and I know that there is still a lot for us to do.

We are making good progress resurfacing the borough's roads and footpaths and are three quarters through our £20m programme, and we will make sure it continues on time and on budget.

Shopping centres and parades still face massive challenges, even as the recession eases. I want to make sure that we strengthen our parades, making sure local businesses are supported to keep jobs locally. We've already run a "Buy B&D Week", encouraging residents to spend their money in local shops.

On the back of that, I want the council to play its own part in creating local jobs, particularly for young people leaving school. Already we have arranged for around 100 young local apprentices to take up placements in the Council and other local businesses. In the next year, I want to see the scheme expanded significantly, making sure that our young adults get the start in life they need.

Of course, before they get to that stage, we need to make sure that they have the best schooling we can give them. This is why I am committing huge investments to bring all of our schools up to the same high standard, making the most of £40 million grant to create new primary school places for every local child that needs one, and investing a massive £270 million in the fabric, buildings and equipment of our secondary schools.

These are the key commitments this Council will make to its residents, making sure all our residents, no matter what their age or income, can fulfil their potential.

Local people deserve the best and I have committed to working hard over the coming year to make sure that they get it.

Message from our Chief Executive

Last year I was delighted to announce that we achieved the top four star category for high performance in our annual Comprehensive Performance Assessment (CPA). This year saw the introduction of the Comprehensive Area Assessment (CAA) which is a new way of assessing local public services. We received an encouraging overall score of 3 out of 4 on our organisational assessment, with a particularly impressive 4 out of 4 for Adult Social Services and 3 out of 4 for Children's Services. We have challenges ahead in terms of becoming more efficient and making better use of our resources and in recognition of this we have created a new Finance Department headed by the Corporate Director of Finance & Commercial Services.

No one knows how long the recession will last, but what is certain is that public sector finances will continue to be tight and we need to find new ways of working to achieve more with less. The challenge for the council is not just to manage shrinking budgets, but to make additional savings so that we can invest money in the services that local people need.

We are committed to treating every penny as if it was our own to ensure that as far as possible we spend money on the public and not on the organisation. As finance gets tighter we will protect front line services by reducing the cost of administration and support services. Examples of the radical changes we are implementing to achieve these savings include:

- Sharing services with our partners or other councils
- Making better use of technology
- Reducing accommodation costs
- Getting better value from contracts and the goods and services we buy
- Strategic partnering to ensure we have the skills and capacity to deliver effective and efficient business services

We are proud of our achievements, but recognise the need to remain focused on the needs of residents and local businesses. Our aim is to be regarded as excellent in the

eyes of our customers with local people reporting improved satisfaction with the area they live in and the services the council provides.

About this plan

The Council Plan 2008-2011 provides clarity for the Council on where the focus of its business will be over the three year period. This focus ensures that the Council is making the right plans and decisions at the top for the services we provide now and those we design in the future. The Council must demonstrate that it spends the money it receives wisely on making the best decisions for services it provides to the communities in the borough.

This annual update reviews the original priority action plan and measures of success, building on the work started in 2008-09. It reflects changes to the national and local performance frameworks and describes how the Council will help to deliver the Community Plan 2008-2018 and the Local Area Agreement.

Our Priorities and Plans

Vision and Priorities

This section describes how the Council, with its partners, agreed the long term vision and priorities for Barking and Dagenham.

The Council shares its vision for the future of the borough with its partners:

Working together for a better borough

The Barking and Dagenham Partnership (BDP) is our local strategic partnership. It brings together the Council, health services, police, fire service, local businesses, representatives of the voluntary and community sector and members of the local community.

Our Strategic Objective: To raise average household incomes in Barking & Dagenham to the London average by 2020

During 2008 the BDP, after listening and talking to more than 3,000 local people, agreed six new Community Priorities. These priorities, which will define the work of the Council and its Partners over the coming years, are set out below:

Our Priorities

- **Safe** - a safer borough where the problems of antisocial behaviour have been tackled and all young people have a positive role to play in the community
- **Clean** - a clean, green and sustainable borough, with less pollution, waste, fly-tipping and graffiti., and with much greater use of our parks, green spaces and river frontage
- **Fair and respectful** - a stronger and more cohesive borough, where all people get along and help and look out for each other, and of which residents feel proud.
- **Healthy** - a healthy borough, where health inequalities are reduced with greater knowledge of lifestyle impacts on health.
- **Prosperous** - an ambitious and prosperous borough that supports business, jobs and skills, attracting new business with economic, social and environmental resources harnessed for the good of all.
- **Inspired and successful young people** - a borough of opportunity for all young people so that they can achieve their full potential, be creative and have fun, and ultimately play an active economic role for the good of all.

Community Plan and Local Area Agreement

Community Plan

During 2008 the Barking and Dagenham Partnership, after listening and talking to more than 3,000 local people, produced the Community Plan 2008-2018. The plan sets out the shared vision for the future of the borough and outlines the priorities for action.

Local Area Agreement

To turn the vision into reality, the Council and its partners have agreed a set of targets which we will work together to achieve over the next 3 years. These are set out in a formal agreement known as the Local Area Agreement (LAA) which was negotiated with, and signed off by, central government in June 2008.

Our Values and the Way we Work

This section sets out our organisational vision, values and strategy. It explains how we are shaping Barking & Dagenham Council to best meet our strategic objective and deliver against our priorities, whilst continuing to provide core services, all with less money.

Where we are

- The Council has made **significant improvements** in many services, but some of our services still need to improve cost effectiveness in comparison to other boroughs.
- We have been **proud to provide most services directly** ourselves. This has enabled us to be the largest employer in the borough and, in some services, maintain some of the best terms and conditions in the country.

- There are increasing examples of **teams from different departments working together** to deliver better.
- Significant amounts of time, money and other resources have been invested in **improving our customers' experience**, with the Barking Learning Centre, one stop shop and call centre making a real difference to how easy it is to access our services. However, we are still dealing with around 14,000 calls a month in our call centre and we need to be able to reduce these numbers.
- We employ some 5,000 staff (excluding schools). We need to increase our **flexibility** to meet new needs and challenges or to match people to areas of peak demand.
- The general **quality of management information** – finance, HR, performance – has improved but needs to improve further and also absorbs considerable staff time in manually updating spreadsheets and related records.

Where we are going

- **Increasingly organised around the whole needs of individuals, families and places.** We will bring together services from across the council and the Partnership to collectively understand the needs of families and the places they live in and to provide joined up solutions that make a bigger difference to the things that matter to people and cost less to the public purse.
- **More (joined up) commissioning.** Commissioning is about finding the best provider, which may be the council but may also be a voluntary organisation, another council or a business.
- **More flexible and effective workforce.** We are reviewing job titles and descriptions to significantly reduce their variation and complexity. With new technology and better use of existing technology we will train and develop staff to do more interesting jobs and add more value.
- **Better tools to do the job.** We are currently investing in new technology to improve the service we provide to our customers. A single customer database will allow a real one stop shop experience for people and make dealing with us much easier, quicker and more satisfactory.
- **Significantly better business intelligence.** Extensive improvements in Oracle systems will deliver big improvements in the timeliness and quality of the business intelligence available for managers.
- **Delivering value for money.** With significant reductions in public sector funding expected over the coming years there is a need to ensure that everything we do is necessary, and is done in the most efficient and economical manner possible.
- **New operating model.** The One B&D Model will deliver new ways of working designed to put the customer at the heart of what we do, whilst making us more efficient, economical and effective. The following section explains this model in more detail.

The 'One B&D Model'

The diagram below depicts the operating model that we are building. The key features of this model are:

Understanding Needs

1. Deep and shared understanding of our customers' needs through effective engagement, joint intelligence and shared analysis

Meeting Needs

2. Decisions based upon a strong evidence base and business case
3. Joined up commissioning of services, with a clearer separation of commissioning (the decision about what services to provide) from the delivery of services (how they are provided)

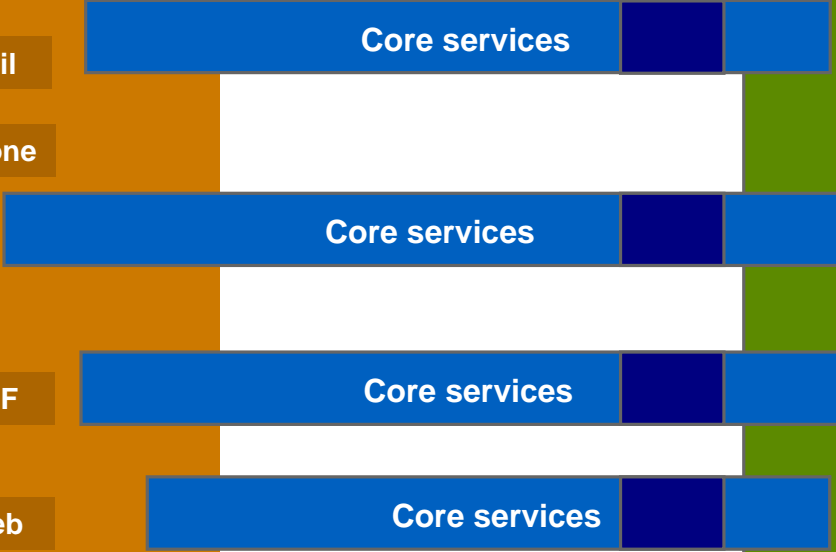
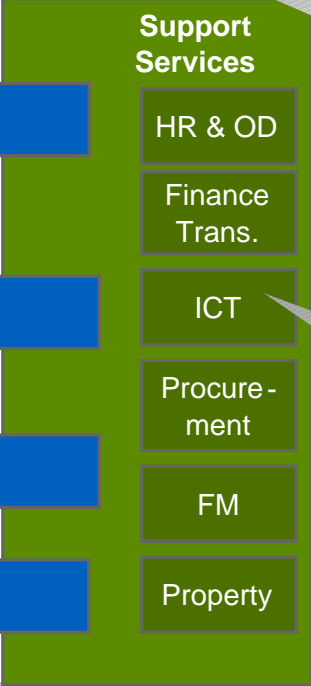
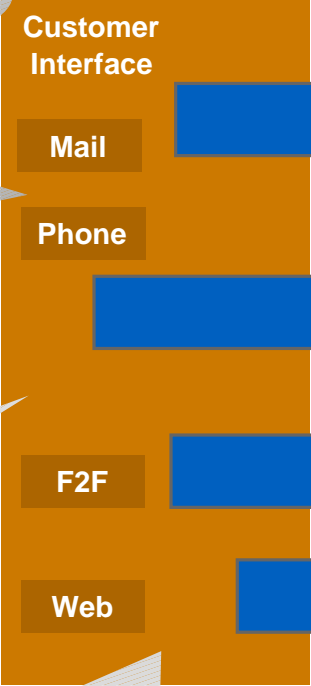
Putting the Customer at the Heart of What We Do

4. Successfully resolving most enquiries first time
5. Wherever possible, dealing with all of a customer's issues in one place and in a personalised way
6. Much easier access to services, and, where people prefer, an emphasis on self service and lower cost access channels such as online and phone (Barking and Dagenham Direct.)

Providing value for money

7. Making best use of public buildings by: operating from fewer locations, more convenient to residents; with many more public services available from them, and; by making best use of the space in these buildings 24 hours a day, 7 days a week
8. Integrated corporate IT systems, with less than half the current applications
9. Collaborative service delivery through in house or other service delivery options

The One B&D Model



1. Deep and shared understanding of our residents' needs through effective engagement, joint intelligence and shared analysis

4. Successfully resolving most enquiries first time

5. Wherever possible, dealing with all of a resident's issues in one place and in a personalised way

6. Much easier access to services, and, where people prefer, an emphasis on self service and lower cost access channels such as online and phone (Barking and Dagenham Direct.)

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How we are getting there – transforming Barking & Dagenham

To shape Barking and Dagenham Council into this new organisation we are applying our **values** - *putting the customer first, taking responsibility, treating each other fairly and respectfully, working together, achieving excellence* – to deliver on **five core strands**:



Key Programmes & Activities

Within each of these five strands are a range of key programmes and activities designed to deliver **transformation**:

Our Place

- LSP & LAA
- Economic development & regeneration
- Localities
- Cohesion
- Building Schools for the Future
- Barking Riverside

Our Customers

- Engagement Strategy
- One B&D Programme
- Customer Strategy
- Personalisation
- Think family
- Youth Connect Card

Our People

- Organisational Development
- Workforce planning
- Integrated workforce
- Recruitment

Our Money

- Medium Term Financial Planning
- VFM & Efficiency
- Total Commissioning & Procurement
- Income Maximisation
- Strategic Partnering

Our Infrastructure

- ICT modernisation
- Accommodation
- Assets
- Business Intelligence
- Oracle improvements

The Golden Thread



Tracking our Progress

Appendix C sets out outcomes we expect and the measures of success we will use to monitor progress against our priorities. They reflect and complement the community priorities and mirror the objectives in the Community Plan and the LAA.

Planning and Performance Management

Planning and Performance Management Framework

Our service planning, financial planning and performance management system has recently been revised to provide an effective, integrated process that ensures that services are aligned with strategic priorities and objectives and that progress is effectively tracked. It is designed to provide:

- A clear focus on our customers
- Leadership in performance
- Clarity about what success will look like in terms of outcomes
- The policies, strategies and plans to deliver the vision and achieve excellence
- Targets and performance indicators to enable progress to be measured
- Robust arrangements for performance reporting, review and scrutiny, which allow performance to be challenged and action to be taken when things are not going according to plan
- A mechanism to link service planning to financial planning

This Council Plan is underpinned by annual service plans which focus on transformational activity across the Council that will deliver the priority objectives. The diagram above illustrates the links between the various plans and shows how high level objectives cascade to individual and team goals and targets.

Monitoring and evaluation of progress towards achieving the goals in the Council Plan takes place at a number of levels. The process enables capacity and capability issues to be identified and addressed.

Individual performance is managed through regular one-to-one supervision meetings and six-monthly appraisals. Within departments there are regular team, divisional and departmental management meetings to review performance.

At a corporate level performance is monitored quarterly. The Corporate Management Team (CMT) holds a full meeting dedicated to Performance and Finance which focuses on the key performance issues and enables a cross-departmental challenge to take place. Following the CMT meetings a performance and finance report is produced and reported to the Executive and Scrutiny Management Board.

To complement the CMT performance and finance meetings and add a further element of support and challenge, Chief Executive's performance challenge sessions are held in October, reviewing progress against objectives and targets, and February where the focus is on the coming year's service plans. These are held for each department and the output is an agreed improvement action plan for the service.

For the 2010/11 planning cycle, a Star Chamber process was introduced which enabled senior managers and Members to discuss and challenge budget options, consider the impact of savings, and draw links between financial decisions and the Council's policy

objectives. This is an important step towards ensuring that the Council's budget is "policy led".

The Council has adopted a Programme Management approach to deliver its ambitious change and improvement agenda. This will help us achieve significant benefits across the organisation. In practice, this means following a consistent approach to programmes using Office of Government Commerce (OGC) "Managing Successful Programmes" principles. This provides clear governance, roles and responsibilities and a framework for organisations to follow. This is in line with the pan-London approach.

The Council has been effective in mainstreaming equalities and diversity into the way it operates, so that it is now fundamental to strategy development and service and financial planning. Our progress was recognised in March 2009 when we were assessed as being one of the few local authorities working at Level 5 of the Equality Standard for Local Government.

To support this mainstreamed approach to all six equality strands, the Council is developing a Single Equality Scheme which is currently out to the community for consultation.

How the Council Makes Decisions

Barking and Dagenham operates an Executive/ Overview and Scrutiny model of governance. Details of the Council's meeting structure are set out in the Council's Constitution, a statutory document which explains how the different parts of the Council work, how decisions are made and how the public can get involved.

A summary of the role and function of the main meetings is as follows:

The Assembly (the full Council) is the central political focus of the Council and the co-ordinating body for all elements of the political structure. It determines the corporate direction, policy framework and financial limits for the Council within which all operations and policies are carried out.

The Executive is made up of 10 Councillors from the ruling Political Group and is chaired by the Leader of the Council. It is the primary decision making body of the Council and has responsibility for developing policy and budget proposals and making key decisions about strategies, services and finances, based on the overall policy and budgetary framework agreed by the Assembly

Overview and Scrutiny is a key role for all councillors who are not members of the Executive.

The principal roles for Overview and Scrutiny are to hold the Executive to account and keep a check on all aspects of the Council's operations. It does this through a structure of select committees involving four themed meetings, with a fifth focusing on finance and resources undertaking, as part of its responsibilities, the Council's statutory audit function.

Our Successes to Date

The Council has achieved much over the past year. The Director of each of the services has identified their most significant achievements in the last 12 months:

Adult & Community Services

Portfolio holders: Councillor J L Alexander
Councillor H J Collins
Councillor R C Little

Director: Anne Bristow

- The Care Quality Commission (CQC) has rated the Council's adult social care as performing excellently.
- Self Directed Support is now the default option for older people and for clients with a physical and learning disability in a move to personalise services. Numbers of people receiving self directed support have been increased through a targeted approach.
- A local Tobacco Alliance for Barking & Dagenham has been established bringing together the Local Authority, NHS, Police, Education, and business representatives to work together on reducing health inequalities through a reduction in local smoking prevalence.
- The free swimming initiatives for under 18s and over 60s continue to perform strongly: a 31% overall increase in under 18s swimming is being maintained and the target of 20,000 memberships has been exceeded
- In the first inspection by CQC, Kallar Lodge, a specialist residential home for people with dementia, was rated as a 3* (excellent) service.

Children's Services

Portfolio holders: Councillor R Gill
Councillor M McCarthy

Director: Helen Jenner

- Housing and council tax benefit surgeries established in 14 children's centres
- 3592 pupils participated in Out of School Hours Learning Programme
- Children's Services rated as performing well by Ofsted in 2009
- Reduced the number of children coming into care through the Family Group Conferencing, Restorative Justice and Crisis Intervention projects. Since the projects started we have prevented 121 children and young people coming into care with 106 of these remaining out of care as of September 2009
- 104 apprenticeships created since January; 100 more by March
- 22% increase in the number of young people getting to university this year
- Significant reduction in persistent absenteeism from 7.4 to 6.2 secondary and 4.0 to 3.1 primary - improvement in data analysis and tracking of these pupils

Customer Services

Portfolio holders: Councillor S Carroll
Councillor V Rush
Councillor P Waker

Director: David Woods

- Implementation of Wheelie Bins resulting in increased recycling and reduced waste volumes
- Established 14 Housing/Council Tax benefit surgeries at Children's Centres
- New vehicle fleet resulting in reduced cost
- Housing Modernisation Programme delivered, promoting mobile working, resulting in better services to tenants
- Highways investment programme being delivered according to plan
- One B & D model agreed – putting the customer at the heart of service delivery
- Eyesore Gardens project taking action to tackle untidy front gardens was launched in 3 wards

Resources

Portfolio holders: Councillor L A Smith
Councillor G Bramley
Councillor S Carroll
Councillor M McCarthy
Councillor V Rush

Director: Bill Murphy

- Establishment of a Council Homes Building Programme which will see 83 new council homes built over the next two years
- Select Committee structure set up and operating successfully
- The launch of The News, the new fortnightly Council newspaper, on time and on budget
- Town Square arboretum completed and opened.
- Successfully managed the 2009 EU election.
- Increased the amount of Legal work we do in-house

Key Projects 2010-11 and how they are funded:

Strategic Projects 2010-11

The Council's key strategic projects for 2010-2011 are organised under the Community Priority headings that mirror those in the Community Plan. In addition a number of Council-specific priority actions to improve the way we deliver services are included under the umbrella of One Barking and Dagenham.

Each of the projects has been identified through consultation with people in the borough, through our own analysis of what needs to improve or through feedback from external inspection or assessment. They were developed in consultation with the relevant portfolio holder(s) as part of the service planning process.

Safe, Clean							
	Actions	Timescale	LAA indicator	Measures of success	Progress to date	Lead Officer	Funding
1.1	Major improvements to roads and footways: third year of a £20m investment plan	2008-2011	NI 5	Increased resident satisfaction in areas affected NI 168/169 maintain London top quartile performance of 4% or better	Areas 1 to 4 completed, areas 7,8 & 10 are currently being worked on.	Corporate Director of Customer Services	Capital programme £20m 07/08 to 10/11
1.2	Deliver integrated services through a locality approach			Reduction in number of children on child protection register and in care.	Detached youth workers in each locality Parent Support Advisors in 31 schools Health Advisors in all secondary schools Common	Corporate Director of Children's Services	Funded by mainstream Children's services funding (investment in 08/09 and 09/10) Also funded through Area Based Grant "think

					Assessment Framework embedded within targeted family support services		family project”
Fair & respectful							
	Actions	Timescale	LAA indicators	Measure(s) of success	Progress to date	Lead Officer	
3.1	Construction of the Dagenham One Stop Shop & Library	2009-10	NI 9	Delivery of new library and one stop shop offering improved access to Council services	Construction underway. New library on schedule to open autumn 2010	Corporate Director of Adult and Community Services/ Corporate Director of Customer Services	Capital programme 2009/10 and 2010/11
3.2	Construction of New Council Housing	2010-11 onwards		Construction of new Council Houses	Grant from government received to complement internal funding. Works start early 2010	Corporate Director of Customer Services and Corporate Director of Resources	Funding re-directed in capital programme for 2010/11
Healthy							
	Actions	Timescale	LAA indicators	Measure(S) of success	Progress to date	Lead Officer	
4.1	Start building works to develop the new Becontree Heath Leisure Centre to replace existing facilities at Wood Lane	The centre is scheduled to open to	NI57	Delivery of a state of the art Leisure Centre within the Borough	Enabling works completed ahead of schedule. Consultation with	Corporate Director of Adult and Community	Leisure centre funded through capital programme.

	sports centre and Dagenham pool	the public in May 2011.			service users and sports clubs has been undertaken. Planning permission for the scheme has been secured. Final specification and cost plan for the scheme has been agreed by the Council Executive. A principal contractor has been appointed to build the new leisure centre	Services	Free swimming for under 18s and over 60s funded through ABG
4.2	Support the Putting People First Transformation Programme	2009-2011	NI130	Increase in the number of residents receiving self directed support	Increase in the number of people receiving personal budgets through a targeted approach. We are reviewing our processes, changing our commissioning & contracting and developing the market. We are developing preventative services with our partners to ensure maximum choice and control for our customers. We are	Corporate Director of Adult and Community Services	Personalisation project funded through government grant and risk assessment of demand implications included in contingency

					leading national response to innovation.		
Prosperous							
	Actions	Timescale	LAA indicators	Measure(s) of success	Progress to date	Lead Officer	
5.1	Establish the Community Development Trust at Barking Riverside	2009-11	NI 2 NI 154 NI 155	Trust established to ensure new community facilities, housing and population growth are managed in a sustainable and safe way	Proposed structure and draft business plan agreed (Note: subject to agreement at Assembly Jan. 2010)	Corporate Director of Resources	Project funded from external grant funding and supported through mainstream Council regeneration budget
5.2	Deliver the apprenticeships programme	2009 onwards		Number of apprenticeships created	104 apprenticeships created since January 2009, 100 more by March	Corporate Director of Children's Services	Funded through ABG programme budgets
5.3	Creation of a Skills Centre	2010-11		Skills centre open and being used to develop skills and economic development	Construction due to commence in early 2010	Corporate Director of Children's Services and Corporate Director of Resources	Funded in 2010/11 capital programme budget and MTFS

Inspired and successful young people

	Actions	Timescale	LAA indicators	Measure(s) of success	Progress to date	Lead Officer	
6.1	Introduce Youth Access Card to increase positive activities on offer for young people	2009-11	NI 110	Young people's participation in positive activities	Joint funding agreed with PCT Card provider selected by competitive tender Two schools selected for pilot phase	Corporate Director of Children's Services	Additional investment factored into MTFS 2010/11
6.2	Support educational transformation through the Building Schools for the Future and Primary Capital Programmes	BSF Preferred Bidder Stage - Mid-May 2010. PCP currently in delivery		Year on year increase in the proportion of schools judged to be good or better by Ofsted	Negotiations with two bidders ongoing but to timescale for main LEP. Projects for PCP Phase 1 in design and proceeding to tender. Phase 2 spending programme in discussion.	Corporate Director of Resources/ Corporate Director of Children's Services	Grant funded for capital works through DCSF. Revenue funding to support programme provided as additional investment through MTFS 2010/11

One Barking and Dagenham

	Actions	Timescale	LAA indicators	Measure(s) of success	Progress to date	Lead Officer	
7.1	Deliver Customer Service Implementation Project Completion of phase 1 Implementation of phase 2	By May 2010 By Dec. 2010		Barking & Dagenham Direct is the contact centre of choice	Staff restructuring underway CRM system purchased	Corporate Director of Customer Services	Funded through ICT infrastructure capital project
7.2	Strategic Partnering programme	2009-10	NI 179	A modernised ICT service that is more	Programme proceeding to	Corporate Director of	Funded through Invest to Save

				effective and efficient	schedule. Target date for contract award July 2010	Resources	programme
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The Medium Term Financial Strategy (MTFS)

2. Introduction

Message from the Corporate Director of Finance & Commercial Services Tracie Evans

- 2.1 We live in unprecedented financial times. We are living through a recession which will begin to have an enormous impact on us all as the government come to terms with the enormity of the national debt situation. For the public sector, this has started to bite but will have a devastating affect on all our finances next year when our grant announcements are made. We will be operating on significantly reduced income streams and that means that we will have to spend significantly less to balance our books. The challenge is so great that the old methods of making savings will not be enough. Using the same thinking to solve our problems as we have done in the past will mean we will end up with the same problems. We have to start thinking very differently about how we continue to deliver excellent services with much less money.
- 2.2 The economic outlook has changed significantly over the past 18 months, creating uncertainty in budget planning across the whole public sector. It is widely accepted that whichever political party is in control after the general election, they will need to make significant cuts to public expenditure, and this poses the greatest challenge to budget planning in the public sector for a generation.
- 2.3 The public sector is not unused to managing tough financial conditions. For a number of years, councils have had to introduce efficiency measures and savings targets to ensure budgets are managed. The traditional “salami slicing” approach (percentage savings targets across all departments) has been used in LBB and has been sufficient to see us through the last few budget cycles and enable us to set balanced budgets as well as putting additional investment into services. Overall, LBB have enjoyed a relative period of growth especially when measured against other Councils. This is largely because LBB receive higher grants to help our relatively deprived population.
- 2.4 This growth environment has stopped and all public sector organisations are operating in an environment where income from all sources will be significantly reduced. It is realistic to assume that the Council’s grant funding will be reduced by 30% between now and 2015, which means that the organisation will need to change dramatically from the one we know. The challenge for LBB and for public services across the local area, is to ensure that the reduction in spend required happens in a way that minimises the impact on outcomes for the local community and ensures that our key services continue to be successful.
- 2.5 The MTFS is a framework to enable the LBB to plan its finances into the future, ensure that resource allocations are led by policy decisions, and ensure that the financial challenge is used positively to plan appropriately and re-design better services.

- 2.6 A continuation of “salami slicing” or “slash and burn” approach to balancing the budget will not work because the scale of the reduction will be so great. If we do not plan intelligently now, the pain for the organisation and our residents will be greater.

3. Key Financial Objectives and Scope

3.1 The key financial objectives for the Council are:

- A balanced budget;
- Robust levels of reserves and contingencies;
- Policy led budget allocations based on Council priorities;
- Investments for future services;
- Culture that asks all employees, partners and contractors “treat every penny spent as though it was from your own bank account”;
- Improved efficiency and value for money;
- Income maximisation; and
- Strong financial systems and processes.

3.2 These objectives are addressed in following sections of the medium term financial strategy:

- **Corporate priorities and key policy objectives** with assessment against National Indicators as set out in the Council Plan above;
- A framework for capturing total future investment – understanding the “**total bill**”;
- The **linking of service and financial planning** – using value for money and benchmarking data alongside an assessment of key corporate priorities to ensure that the budget is “policy led”;
- An **Efficiency Programme** including:
 - **Strategic Partnership** contract with the same timeframe as the MTFS;
 - **Procurement Review** realising savings both short and medium term;
 - **Efficiency targets** for each group manager across the organisation;
 - Providing a framework for capturing cash benefits emerging from the **One Barking and Dagenham Programme** and **Total Commissioning Programme**; and
 - **Maximisation of income** and investment for public services in the local area.
- **Capital Strategy** – including:
 - Highways, public realm, schools & new homes;
 - Operational Asset strategy;
 - Investment Asset strategy;
 - Disposals and Acquisitions strategy;
 - Office Accommodation strategy and modern ways of working; and
 - Energy costs/savings and the Green Agenda.
- **Area Based Grant** – monitoring of spend in line with council priorities;

- **Links to other Strategies** – including the workforce strategy and departmental strategies;
- **Housing Revenue Account** – including Decent Homes and the subsidy system;
- **Council Reserves** – general reserves replenished to £10m and a centrally controlled Invest to Save Fund; and
- Strengthened **budget discipline and forecasting** and **sound governance**

4. Funding Council Priorities and Key Policy Objectives:

- 4.1 The Council invests a significant amount into the local economy each year supporting a whole range of national and local policy objectives. The Council budget is made up of a combination of core service budgets and areas where investment is made to deliver against priorities for the local area.
- 4.2 The Council Plan above sets out the key policy objectives for the organisation and shows the key strategic projects that will deliver the outcomes. The MTFS gives clarity as to how these objectives are being funded and will allow us to measure more accurately the success of outcomes.

5. The Budget Gap 2010-2020 (the “total bill”)

- 5.1 Given the current economic climate, with the expectation of significantly reduced income streams over the next few years, it is important that the Council is prudent in its planning. The Council has undergone a thorough review of its cost base over the past year, engaging with Directors, Heads of Service and managers around the organisation to understand future costs, income and risks.
- 5.2 The MTFS summarises these future costs, income and risks over a ten year period. This is a longer period than we have previously considered as an organisation, but this was considered important given the economic downturn and the significant risks that exist for our budgets over the next ten years.
- 5.3 The budget options to be incorporated into the budget for 2010/11 onwards are included in **Appendix A**.

Budget model

- 5.4 The financial modelling and assumptions that underpin the MTFS are included in **Appendix B** to this report. In summary they are:
- Investment relating to statutory duties and economic risks:
 - Pension fund contributions as stated in 2008 independent valuation report
 - East London Waste Authority Levy
 - Inflationary adjustments to budgets (assumption 3% after 2011)

- Loss of investment income due to reduction in interest rates
- Investment in key priorities (including member decisions already made):
 - Current capital programme financing costs
 - Removal Area Based Grant (support for services funded by ABG)
 - Skills Centre
 - Dagenham Library and One Stop Shop
 - Valence House Museum
 - Becontree Heath Leisure Centre
 - Building Schools for the Future
 - Youth Access Card
 - Current year budget risks as set out in **Appendix A**.
 - A provision for an affordable and sustainable capital programme from 2010/11 onwards
 - Provision for future risks and investment from 2011/12 onwards to protect the Council from severe budget reductions
- Investment to ensure the 2010/11 budget is robust:
 - Corporate provision for redundancy costs
 - Contribution to increase general fund balances
 - Provision in contingency to be allocated based on a range of risks identified for 2010/11 for which work is currently ongoing
 - Contribution to a central Invest to Save reserve to support and encourage innovation to improve the cost effectiveness of services
- Future income streams:
 - Council Tax – the budget model assumes a 0% Council Tax increase (“Council Tax Freeze”) for 2010/11
 - Government grant for 2010/11 as set out and agreed in the current 3 year grant settlement which ends on 31st March 2011. From that point, it is assumed that government grant will reduce by 20% in cash terms to 2014
 - Fees and charges – the budget for 2010/11 takes into account an increase in fees and charges of 1% in line with inflation and previously agreed income policies

A balanced, robust, budget

5.5 Given the assumptions and work already completed to prepare the draft budget (due to be presented for approval by the Council in February) the budget for 2010/11 will be balanced. As a result of the investment, and assumptions made in the MTFs, the budget gap looking forward for 3 years is as follows:

- £18m for 2011/12
- £14m for 2012/13
- £9m for 2013/14

5.6 These figures are indicative and derived from the assumptions made in the budget model at **Appendix B**.

6. Integrating service and financial planning

Policy led budgeting

- 6.1 The purpose of the service planning and financial planning frameworks is to ensure that budget allocations take account of corporate priorities, customer feedback and that that these principles are followed through the budget process into future budgets, and also through the service planning process into team and individual objectives. This is called our “golden thread”, it is illustrated in the Council Plan above and ensures that our budget is policy led.
- 6.2 The budget process begins with Executive members, Directors and Heads of Service detailed plans of investments or savings they can make to the service areas to deliver to support the delivery of the Council’s objectives..
- 6.3 A “Star Chamber” process then takes place to review and challenge budget holders on their options to ensure that they are robust. Information on budget options includes a risk analysis and impact assessment from relevant services.
- 6.4 For 2010/11, the all budget options have been subject to an equalities and diversity impact assessment.

Consultation

- 6.5 The budget process is informed by consultation with residents on what services or issues are important to them and what services they feel are most in need of improving. IPSOS MORI conducts a bi-annual place survey that enables this data to be compiled, compared with previous data, and also compared across London. Data is available from 2003/04, 2006/07, 2008/09. In 2009/10, the Council commissioned an interim place survey to inform decisions in respect of service and financial planning. Details of the results are set out below.

Investing in priorities

- 6.6 For 2009/10, the top issues that local residents felt were most important in making somewhere a good place to live were:
- The level of crime;
 - Clean streets;
 - Health Services;
 - Public transport;
 - Affordable decent housing; and
 - Education provision.
- 6.7 Our residents have consistently identified these areas as important. The Council and its partners have consistently therefore allocated our available resources to these priorities.

The “total place” initiative is a new initiative that looks at how a ‘whole area’ approach to public services can lead to better services at less cost. It seeks to

identify and avoid overlap and duplication between organisations and ensure that public services are focusing on what is really important for a local community. Despite not being a pilot for this scheme, the Council undertook an exercise in 2009/10 to determine the total expenditure by the public sector in Barking and Dagenham. The headline figure was that some £1.3billion was spent in 2008/09. This was broken down into these areas:

- Health - £436m
- Social Care - £358m
- Education - £299m
- Economic Affairs - £88m
- Housing - £86m
- Public Order and Safety - £81m
- Environmental services - £22m

This high level analysis demonstrates that most public expenditure in the local area is being spent on areas that are most important to the public. The challenge for the Council and its partners is to work together to make sure that funding is spent as effectively as possible.

Investing in improving services

6.8 The survey also asks what things are most in need of improving, and they were as follows:

- The level of crime;
- Activities for teenagers;
- Clean streets;
- Road and pavement repairs;
- Job prospects;
- The level of traffic congestion; and
- Affordable decent housing.

6.9 As an organisation, we have ensured that investment has been targeted to these areas, with key examples as follows:

- We have invested in our partnership with the police to increase the number of officers on the streets;
- We have set up the Street Warden Service in the borough to stamp out environmental crime and work with the community to promote pride and respect for our streets and public spaces;
- We have set up the Street base initiative, which has been developed to promote activities for young people in the borough.
- £1m investment in apprenticeships per annum to improve job prospects and activities for young people;
- A major programme of £20m investment in road and pavement repairs across the 4 years from 2007/08 to 2010/11;
- We are building a Skills Centre in Barking to deliver against our overall aim of raising household incomes; and
- The re-prioritisation of £7m from the capital programme to fund a programme of new Council House building to increase the supply of affordable decent housing.

Tracking our investment

- 6.10 When analysing this data, it is also important to keep track of the investment we are making, and the extent to which it is making a real difference to services that are important to residents. One striking example of this is around education provision. The Council has funded education services over and above local and national benchmark averages for the last 5 to 10 years. The results of the latest place survey show that the % of people who think that education provision needed to improve has fallen steadily over recent years, from 15% in 2003/04 to just 8% in 2009/10, which is significantly lower than the London average.
- 6.11 The Council also operates an “invest to save” fund. This is designed to provide support to service to implement efficiency measures or preventative work which will save costs in future years. This investment is provided on a non-recurring basis, with savings tracked and carried through into future years.
- 6.12 In preparation for the next business planning cycle, a range of activities are being undertaken. The service and financial planning process will be driven by a clear view of policy following local elections. It will also help the council allocate resources, focus on efficiency work and value for money, which will be informed by a range of considerations, in particular:
- **Value for money.** Areas where we need to improve the relative cost and output of services in comparison with other local authorities.
 - **Core vs non-core.** Understanding which discretionary services offer the greatest relative ‘added-value’
 - **Budget pressures.** Some priorities will be adequately funded; other priorities may have significant funding pressures attached to them.

7. Funding the budget gap 2010-2020

- 7.1 The overarching objective which, if met, will help ensure that the organisation can fund the budget gap will be a culture that asks all employees, partners and contractors “treat every penny spent as though it was from your own bank account”. This is achieved by improving value for money, re-directing resources to priorities, and by improving efficiency as set out below.

Providing better “Value for Money”

- 7.1 Achieving Value for Money (VfM) is an integral part of the Council’s approach to delivering the MTFs. The Council has developed a **VFM Strategy** to strengthen our strategic approach to improving VfM.
- 7.2 To deliver this strategy a **VfM Action Plan** has been developed to provide more detail on the work programme that will be undertaken to achieve better VfM and the key milestones. The key themes of the work programme are:
- **Understanding VfM** - Ensuring a shared understanding of the VfM and developing a culture of cost-consciousness
 - **Embedding VfM** - Ensuring that VfM remains a clear and sustained focus for the Council and its key decision making and management processes

- **Delivering VfM** - Transforming the way services are commissioned and delivered to release savings to invest in the agreed priority areas

The 2010/11 budget includes £14m of savings to balance the budget as set out in **Appendix A**. These savings are risk assessed by Departments, and an impact assessment is done to ensure that the affect on frontline services is low. Savings (disinvestment) is targeted at areas where our benchmarked information on value for money suggests that improvements in cost effectiveness can be made. Examples of this are as follows (each of these services were identified as high cost services based on benchmarking data):

- Leisure £0.3m
- Passenger transport £0.25m
- Care placements £0.5m
- Quality and schools improvement £1.2m
- Revenues and benefits service £1.8m
- Human Resources £0.5m
- ICT £0.5m
- Finance £0.3m

Re-directing resources

- 7.3 In the current economic climate, it is not realistic for significant additional investment to be made into new services or to increase the budget. Instead, it is important that the Council improves the efficiency and effectiveness of existing services, and re-directs funding from existing budgets. In addition to the investment that has been made following the re-direction of savings as set out above, during 2009/10 an exercise of re-prioritisation of capital resources was undertaken. This resulted in £7m being made available to fund a programme of New Council House building. Grant funding from the Homes and Communities Agency was received, so the total programme is over £10m.
- 7.4 Area Based Grant funding is allocated on a project by project basis, and the effectiveness of this expenditure is monitored through the partnership structure.

Efficiency

- 7.5 Efficiency is defined as providing the same level of service (or providing more service) for less money. It is also about making sure that whatever processes are in place, that they are as effective as possible at the minimum cost. Realising efficiency gains (and therefore releasing resources) is fundamental for the organisation in terms of its longer term financial sustainability and ability to continue to deliver services that are important to residents.
- 7.6 It is important that planned efficiencies are released. An “Efficiency Programme” has been constructed to support officers to realise their stated efficiencies. The Council has over achieved its efficiency targets over recent years in order to balance its budget so we know we have a track record of success. The government set a target of £13.4m of efficiency gains for the Council from the period 2005 to 2008, and the Council exceeded this target by

£6.4m, with efficiency gains of £19.8m being realised over the period. For 2008/09, a further £6.3m of gains were realised.

7.7 The Medium Term Financial Strategy includes efficiency projects as follows:

- Better Procurement;
- Asset rationalisation;
- Strategic Partnership – lean back office and transactional services;
- Service reviews; and
- 3% efficiency targets for all service heads for each of the next 5 years.

Indicative savings targets are included in **Appendix B** based on current information.

8. **Capital Strategy**

Affordability and prudence

8.1 The MTFs gives clarity about the affordability of the Council's capital programme into the long term. An analysis of other London Boroughs costs of borrowing against their net budgets has been performed. This ratio typically varies from between 5% and 15% of net budgets, which would equate to between £8m and £20m for LBBD. Total levels of borrowing vary significantly across London, from £0 to over £900m.

8.2 Looking at figures for costs of borrowing, for LBBD, this means that total borrowing costs could increase by no more than between £300k and £1m per annum if the capital programme were to remain affordable in the long term (i.e. over 25 years). This would equate to a capital programme internally funded of between £4m and £10m per annum.

8.3 This principle is consistent with the Prudential Code for capital financing which requires the organisation to ensure that its capital programme is prudent, affordable and sustainable.

Objectives of the capital strategy

The overarching objectives for the Capital Strategy are as follows:

- Successfully deliver a capital programme which is consistent with the Council's key priorities;
- Maximising external funding to support the delivery of the capital programme consistent with the Councils' key priorities, both from the private sector and through government grant funding; and
- Maximising the utilisation of the Council's assets by:
 - Ensuring that all investment properties are making sufficient returns;
 - Ensuring that non-profitable investment properties and assets surplus to requirements are disposed of as efficiently as possible; and
 - Monitoring the utilisation of assets on a regular basis.

Investing in priorities

8.4 The capital programme is funding key Council priorities as follows:

New projects for inclusion in the 2010/11 capital programme:

- Investment in new Council Housing and upgrading existing Council stock;
- Investment in skills for local people through a Skills Centre;

Existing projects in the capital programme:

- Investment in Schools - the Building Schools for the Future to upgrade and expand the secondary schools in the borough and significant investment to upgrade and expand the primary schools in the borough;
- Investment in a new Library and One Stop Shop in Dagenham Heathway;
- Investment in a new Leisure Centre at Becontree Heath;
- Continued investment in the regeneration of Barking Town Centre; and
- Investment in Highways and footpaths.

8.5 A key plank of the future capital budget and the MTFs is a successful external funding strategy, which maximises the achievement of corporate objectives, while minimising the call on internal resources.

9. Area Based Grant and Specific Grants

9.1 Area Based Grant was introduced in 2008/09 to replace a number of specific grants. The intention was to reduce the ring-fencing of funding from government departments and enable greater discretion and linking of funding to priorities in local areas. Full details of the Council's Area Based Grant allocations will be published on the Council's website.

9.2 The Council also receives a number of specific grants from central government which are ring-fenced for certain priorities and projects. Full details of the Council's specific grant allocations will be published on the Council's website.

10. Links to other strategies

Workforce Strategy

10.1 The Medium Term Financial Strategy must link into the workforce strategy, and it does so in a number of ways.

10.2 A corporate redundancy provision has been included in the budget model to support the Council's policy on voluntary severance.

10.3 The Medium Term Financial Strategy also provides a framework for improved resource planning. Embedding these behaviours into the organisation

(improved budget ownership, understanding of value for money) are key elements of the workforce strategy.

Treasury Management Strategy

- 10.4 A strong treasury management strategy and associated practices enables the Council to maximise investment income and cashflow, which underpins the delivery of the Medium Term Financial Strategy.
- 10.5 The Council's target return on investments for 2010/11 is 1.5%, which is a challenging (given current base rates) but achievable target that will be met through a combination of in-house and external fund management.
- 10.6 Security of our assets is also an important consideration. It is the Council's strategy not to invest internal funds in non-UK institutions. External fund managers have the flexibility to invest in non-UK institutions within the restrictions of the Council's policy on credit limits.

Property Assets Strategy

- 10.7 The Council's assets and property strategy is fundamental as it underpins the Medium Term Financial Strategy. Efficient and effective use of asset space enables the Council to reduce costs in this area.
- 10.8 The Council is developing a centralised property holding account for 2010/11 to ensure the efficient running of the corporate estate.

The first Property Asset Strategy and Property Asset Plan was submitted to Executive last year, and will be refreshed on an annual basis.

Highlights of the current plan include:

- Reduction in administrative buildings from 23 to 6, with further savings perhaps possible as a result of the Strategic Partnering programme
- Reduction in operational estate through a number of strategies:
 - Co-location of services both within Council and with partners
 - Transfer of assets to community ownership
 - Withdrawal from surplus assets
- Review of the investment portfolio to identify non-performing properties, and to optimise returns on investment
- Improvement in property intelligence
- Reduction in energy bills

Procurement Strategy

- 10.9 The Council's approach to procurement and contracting rules are set out in the Council Constitution. The purpose of these rules and regulations is to ensure that regulatory and legal requirements are met, but also that value for money is achieved through contracting activity. This in turn supports the Medium Term Financial Strategy.

- 10.10 Gains realised through the Council's procurement activity will be captured through the Efficiency Programme as set out in section 5 and will enable the Council to balance the budget.

Risk Management Strategy

- 10.11 The Medium Term Financial Strategy has been informed by an analysis of budget risks discussed through engagement with the Corporate Management Team, Heads of Service and through workshops and discussions with key support officers in departmental finance and policy/performance teams.
- 10.12 The Council's risk management strategy and associated processes enables the identification of and prioritisation of key financial risks and the cost of the management of the controls which feed into the Medium Term Financial Strategy.

11. Housing Revenue Account

- 11.1 The future of the Housing Revenue Account is a huge strategic issue for the organisation. It is clear that, due to current subsidy arrangements, the HRA is unlikely to be viable beyond 2010/11. There are a number of options to pursue to enable the organisation to continue to meet its aspirations for local housing beyond that point, which at this stage are still being developed.
- 11.2 The detailed budget for the Housing Revenue Account is included in the HRA Rents report which will be approved with the Council budget.
- 11.3 The Capital Programme for 2010/11 to 2013/14 includes the Decent Homes programme which is funded from a combination of internal resources and Major Repairs Allowance funding from central government.

12. Council Reserves and Contingency

Robust levels of reserves

- 12.1 The MTFs also sets the strategy around Council reserves and contingencies.
- 12.2 It is the responsibility of the section 151 officer to determine an appropriate and prudent level of reserves for the organisation. The target level of general reserves will be £10m. The current level of reserves is below this level, but provision has been made in the budget model to replenish reserves by £2m in 2010/11 to ensure that this level is realised in 2010/11.
- 12.3 The budget model also provides for £1m per annum contribution to a centrally maintained "Invest to Save" fund. This funding will be available on a business case basis and will be used to support and encourage innovation and projects to improve the cost effectiveness of services that the organisation provides to residents.

Contingency and longer term budget planning

- 12.4 The budget also includes a sum for contingency. In previous years, this figure has totalled £1.5m and this continues into 2010/11. However, there are currently significant risks facing the organisation in respect of the recession, the delivery of future savings, and continued increases in demand for the services that the organisation provides.

The key longer term budget planning issues in the Children's services budget include a number of areas:

- Children's placements, where small increases in demand lead to potentially large increases in expenditure; and
- Costs associated with transport for SEN children, where expenditure is based on the demand for the service.

The key longer term budget planning issues in the Adult's services budget include:

- The costs associated with the personalisation agenda. The principle that the Council is working to is that moving clients from one form of support to a personal budget will be cost neutral. However, there is a risk that the publicity around the expansion of personal budgets will lead to an increase in demand.

The key longer term budget planning issues in the Customer services budget include a number of areas:

- Risks around the future of the Housing Revenue Account – the current Housing Subsidy system is such that in 2 to 3 years time, the HRA will be financially unsustainable due to the amount of rent that the Council will have to hand back to the government. Any alternative model of housing provision in the borough could have significant financial implications for the Council;
- Risks around landfill taxes and the need to increase recycling rates; and
- The implementation of improved customer contact services across the organisation offers the Council huge potential savings by enabling residents to access more services on-line or through channels that are cheaper for the Council to run. These transitions need to be well managed to ensure continued high customer satisfaction alongside cost savings for the Council Taxpayer.

The key longer term budget planning issues in the Resources budget include a number of areas:

- The Council needs to ensure that it is reducing its energy consumption, both to deliver against the green/carbon reduction agenda and also to reduce costs for running operational buildings; and
- Related to this, reductions in carbon emissions are important to mitigate against future costs associated with the government's carbon reduction commitment.

- 12.5 For 2010/11 a further £3m has been added to the central contingency. A detailed risk analysis has been performed on budgets across the organisation, and this amount has been set aside following this analysis. Given the future reduction in government funding that will come into effect after March 2011, these amounts will not be allocated to base budgets, but will be available on a non-recurring basis to provide transitional support for specific budget areas.

Sensitivity analysis

- 12.6 This central contingency amount will be used to take account of key risks and sensitivities in the budget. Full details and analysis of sensitivities in the budgets, particularly relating to demand led costs, are detailed in the table below:

	Total budget	Assessment of risk	Possible Implications	Mitigating actions
Adults Services				
- Personalisation	£16m	Risk of 5% increase in demand	£800,000	Personal budgets cost neutral on case by case basis
Children's Services				
- Children's Placements	£13m	Risk of 5% increase in demand	£650,000	Invest to save for adoption and fostering
Customer Services				
- Landfill charging	n/a	Impact currently increasing due to tighter regulation		Increased recycling
Resources/Finance				
- Energy costs	£7m	Risk of 10% increase in prices or demand	£700,000	Energy efficiency programme
- Carbon trading	£nil	Currently low risk in terms of financial implications but increasing in future years		As above
- Changes in interest rates	£1m income	Lower risk given low interest rates	£200,000	Good treasury management

13. Budget Discipline and Forecasting and Sound Governance

Budget discipline:

- 13.1 The MTFs needs to be underpinned by improved budget discipline and forecasting. Budget discipline is critical – the Council has to ensure it balances its budget without taking funding from reserves; otherwise the longer term strategy has to be fundamentally reviewed on an annual basis. Forecasting is also critical; otherwise assumptions around future risks or

investment needs have to be updated every year, which defeats the object of longer term planning.

- 13.2 The Council has undertaken a root and branch review of budgets across the organisation in preparation for the 2010/11 financial year. This has covered an assessment of salary budgets (ensuring the establishment is fully funded), supplies budgets (ensuring all contracts are funded) and an assessment of income targets to ensure these are realistic. This is a vital piece of work to ensure that our base budgets are robust and that expenditure can be delivered on budget for 2010/11.

Budgetary control and sound governance

- 13.3 The Council is committed to maintaining a system of sound financial control, specifically to make sure that:
- Adequate budget monitoring arrangements are in place for services and projects;
 - Sound control and reconciliation procedures are in place for all financial systems;
 - Collection and recovery of income due to the Council is maximised;
 - Compliance takes place with relevant EU and national procurement and contracting regulations; and
 - Adequate anti-fraud and corruption arrangements are in place.